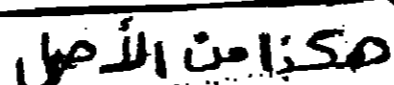


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Ruling on Fiat chief set to create an important precedent on protection of privacy

Italy's new watchdog bites media

By Robert Graham in Rome

Italy's media have been sharply censured by a newly created watchdog for abusing the right to privacy of Mr Cesare Romiti, head of Fiat, the country's largest private company.

The call to order on the intrusive behaviour of the media is expected to create an important precedent for protecting an individual's privacy. It comes a week before representatives of the national association of journalists are due to discuss a new code of media conduct with Mr Stefano Rodotà, the international jurist who heads the three-month-old authority monitoring privacy issues.

The Romiti case involves the publication, before he himself had been formally notified, of informa-

tion that he was due to be questioned by Turin magistrates about alleged falsification of the group's accounts. The news was carried by newspapers and television on June 15 but only arrived in the offices of Mr Romiti's lawyers on the afternoon of the following day.

The lawyers filed a complaint arguing that the leak flouted judicial secrecy and harmed Mr Romiti, especially as it came on the eve of Fiat's annual meeting. The watchdog this week upheld the complaint as falling within the terms of a privacy law introduced in May requiring information to be published in a "lawful and correct way".

This implies no sanction, but the fact that the complaint involves one of Italy's best known business figures has given added impact to

the decision. The watchdog can impose fines if offences are repeated, and failure to comply with the privacy law carries a penalty of up to three years' jail.

"At present our main aim is to establish a climate where a set of rules are understood and our main instrument in this is moral suasion," said Mr Rodotà.

In an attempt to head off protests from journalists over muzzling the media where key public figures were involved, he pointed out that the Romiti ruling did not mean the news could not be published. It was a question of waiting until after the Fiat chief had received it himself. However, several prominent journalists believe it is hard to regulate the timing of news about prominent figures that is anyway due to be made public.

This kind of privacy issue has been especially sensitive since 1992 when Milan investigative magistrates started unearthing corruption scandals involving politicians and businessmen. To give momentum to the investigations the magistrates consistently fed sensitive and damaging information notionally covered by court secrecy before the individuals concerned had been informed.

This technique was recognised as a gross abuse of the rights of privacy. But the press justified its complicity with the magistrates on the grounds of public interest - exposing the corrupt workings of the political and business elite. Those who protested loudest against the abuse were usually people already discredited who enjoyed little public sympathy.

Mr Rodotà's brief began in March and embraces the full range of privacy and data protection issues. For instance, this week he also censured the media for publishing personal details of a child who committed suicide. In future, the media will be expected to refrain from giving any personal details where minors are involved in crime.

More than 200 cases have been referred to Mr Rodotà. One of his first rulings was to order the Banco Nazionale di Lavoro to withdraw a letter sent to its 3.2m clients which contained threatening language regarding any failure to divulge the personal data required. "There was no sanction on the bank but we understand the withdrawal of the letter and reprinting a new one will involve considerable cost," he said.

Brussels 'spread confusion' over beef

By Sander Thoenes in Brussels and Barbara Smit in Amsterdam

The European Commission took Britain to task yesterday for failing to enforce a beef export ban but was chided in turn by member states for sowing confusion over a load of smuggled beef.

A Commission spokesman said that 1,600 tons of UK beef had been exported to the Netherlands and partly re-exported to Russia and Egypt via France and Spain. He denied reports, fuelled by contradictory statements by Commission officials on Wednesday, that some of the beef had reached consumers in France, Spain, Portugal or Italy.

The Commission imposed a ban on exports of UK beef last year on the grounds that "mad cow" disease could otherwise spread to continental Europe. An inspection by Commission officials at British customs found last week that "export controls were manifestly inefficient", the spokesman said.

He added that the Commission was considering launching infringement proceedings against the UK at the European Court of Justice in Luxembourg.

The spokesman said that the beef had reached the Netherlands labelled as Belgian, but investigators had found British stamps.

A spokesman for a local Dutch prosecutor's office said authorities had confiscated 700 tons of UK beef at the port of Vlissingen in April and another 200 tons in Rotterdam in June. Dutch authorities had informed the Commission in April but had not obtained confirmation of the origin until last week, he said.

Limited news of the beef seizure was released last Wednesday, when the Court of Justice started reviewing a UK appeal against the ban. An official at the Russian mission in Brussels said the Commission had never informed Moscow that UK beef might have been sold in Russia months ago.

After one commissioner said on television on Wednesday that UK beef had been re-exported from Belgium to Spain, the Spanish government imposed checks on imports from Belgium for several hours. "The Commission did not give us any information," said a Spanish spokesman in Brussels. "It created a lot of confusion."

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Cloud over US-German relations

Bonn and Washington find little to celebrate on July 4, writes Peter Norman

The US embassy in Bonn, like US missions around the world, will play host today to local political leaders and the diplomatic community to mark the 221st anniversary of US independence. But for the second year running there will be no US ambassador to hear the US army band strike up the "Stars and Stripes".

While Bonn is not unique among America's allies in lacking a US ambassador, the gap of more than a year since Mr Charles Redman, the previous incumbent, quit to pursue a business career has accentuated concerns that relations between Washington and the European Union's biggest member state are not as good as they should be.

It was inevitable that the momentous changes since the collapse of communism should affect US-German relations.

"The terms of reference have changed since 1990," explains Mr James Bindenagel, chargé d'affaires at the US embassy in Bonn. "A united Germany and the United States find themselves trying to redefine their positions."

There has not been the glint of the Soviet threat since the end of the cold war," observes Mr Franz-Josef Meiers, a security expert at the German council for foreign affairs in Bonn. "There is a danger that normalisation is leading to indifference."

Mr Klaus Kinkel, Ger-



I just won't wear it: Helmut Kohl embraced Bill and Hillary Clinton in Denver but refused to don western gear and bridled at US advice on how to run the German economy

many's foreign minister, aired his concerns about an "erosion" of the transatlantic partnership at a Marshall Plan ceremony in Bonn last month. "Talk of the end of an unfettered transatlantic relationship is to be taken seriously," he said.

Last month's eight-nation summit in Denver, and the subsequent United Nations General Assembly meeting on global warming in New York, were not good advertisements for US-German ties. The US irritated Chancellor Helmut Kohl by lecturing Bonn about the need to reform its economy at the

Denver meeting, and later by failing to pledge action to cut emission of greenhouse gases.

Those meetings followed a year of bilateral spats in which Bonn has differed with Washington over relations with Iran, trade with Cuba and the forced repatriation of a small number of refugees from Germany to Bosnia. In addition, Mr Kohl and his ministers were criticised by Hollywood entertainers for their restrictive policy towards the Scientology sect.

Mr Meiers sees problems arising from the different

implications of globalisation for economic and security policies in the US and Germany. Although the US has a vital interest in Europe, it also has concerns in Asia, Latin America and Africa. Germany's preoccupations are more parochial, and its conscript army is a sign that it is not prepared to look at security issues far beyond its own borders, he says.

Among Bonn politicians, there is especial concern about the weakening of political and cultural ties between Germany and the US. "There are hardly any visits to Germany by US par-

liamentarians," says Mr Klaus Franke, a member of Mr Kohl's Christian Democratic Union and chairman of the Christian Democrat group in the North Atlantic Assembly. "There is a new generation of US politicians who have neither historical nor personal ties with Germany, while we have tested US-German relations as business as usual for too long. We need to make bigger efforts to make contact with Congress and arouse their interest."

Mr Bindenagel says the US has been working hard to get congressmen and cabinet members to visit Germany. Although US-German relations are "increasingly complicated, deeply intertwined and with occasional conflicts of policy, they are fundamentally sound," he says.

Mr Kinkel, too, has voiced optimism that the 56m Americans of German origin, the 15m Americans who have lived in Germany as soldiers or dependents, and the tourists travelling both ways across the Atlantic constitute "solid foundations" for the further development of German-US ties.

Meanwhile, one bilateral irritation may be resolved soon. Mr John Kornblum, a career diplomat of German descent and an expert on Germany, has been designated ambassador to Bonn and hopes that he will be able to take up his post in August. Although too late for Independence Day, he will be in plenty of time for Thanksgiving.

Renault deal with unions

By Andrew Jack in Paris and Emma Tucker in Brussels

Renault, the French car manufacturer, has concluded an outline agreement with its unions on the fate of more than 3,500 workers at its Vilvoorde factory in Belgium.

Discussions continued yesterday for more than 500 other salaried staff, as terms were negotiated to ensure no employees were forced into redundancy.

Renault said that 522 workers aged at least 48 would be placed into early retirement programmes, in addition to 91 who have already left since the end of February. A further 400 will remain on the Vilvoorde site, to be employed by other Renault businesses.

The decision was reached amid recriminations from some Socialist and Communist members of France's ruling coalition, who accused the government of Mr Lionel Jospin of failing to halt the plant's closure.

Mr Jean-Luc Dehaene, the Belgian prime minister, has also criticised Mr Jospin for "falsely" raising the hopes of Vilvoorde's 3,100 workers.

Mr Jospin declared that he had fulfilled his election

pledges by re-examining the case without promising to prevent its closure.

So far Renault has identified 260 jobs in France to which staff at Vilvoorde will be able to transfer. All remaining workers will be placed in a unit designed to provide retraining and transfers within the group, or outplacement assistance.

The car manufacturer has also agreed a package of special payments, which will last for between two and five years, depending on the age of staff.

It also stressed it was continuing to seek a potential purchaser for the Vilvoorde plant.

Mr Karel Gacoms, of Belgium's FGVB socialist union, said that no serious differences remained between the union's claims and the management's proposals.

The proposals will be formally presented to staff at the start of next week.

Separately, a French court ruled yesterday that Renault could not go ahead with a redundancy plan at Renault's headquarters at Boulogne-Billancourt, and would face fines if it pressed on.

The court ruled that Renault had not properly consulted workers about its plans.

Single market drives motor industry changes

By Heig Simonian, Motor Industry Correspondent

The European single market has prompted profound changes in the motor industry from the assembly line to the showroom, but improvements to manufacturing and buying procedures remain impeded by the lack of a single currency, according to a European Commission report released today.

The study was published just as Renault reached a deal with unions to close its Vilvoorde plant in Belgium. The company has blamed the shutdown on the need to cut costs in the increasingly competitive European car market.

The 18-month study, prepared by Ernst & Young consultants, shows one of the biggest changes prompted by the single market has been increased willingness by motorists to buy cars made in other European countries.

It concludes that some traditional more protectionist markets such as France and Italy have become more open to foreign products, either as finished cars or components.

The single market has also made it easier for European carmakers to sell across

national boundaries by lifting product approval and distribution barriers. Harmonisation of "type approval" rules in the 1990s have eliminated the need for carmakers to undergo lengthy approval processes for each new model across Europe. That has accelerated product development times at a time of rising competition from non-European carmakers, the report argues.

However, the authors conclude that "the single market is a point on a journey", and warn that obstacles remain in freeing up the European car market entirely.

Among the continuing distortions are differing national tax structures for vehicle ownership, depending on engine size or power. These have raised costs in the industry, as carmakers have to build low-volume variants of some models to compete effectively in certain markets. Differing fiscal regimes have also complicated pricing strategies in the industry.

The report treads more warily on the politically sensitive area of state subsidies. While not identifying specific offenders, the authors suggest aid to ailing carmakers has inhibited ration-

alisation in the industry.

The report argues the biggest obstacle to a more efficient market remains the lack of a single currency. Some carmakers have felt it necessary to spread their components purchases across a number of suppliers in different countries to hedge against exchange rate fluctuations. That has been a handicap in view of the trend towards concentration on a smaller number of sources for greater economies of scale. Currency differences have also inhibited transparency in the car market for consumers. Pricing under a single currency should eliminate regional distortions, such as the difficulties for some manufacturers and dealers caused after the lira fell steeply from September 1992.

The authors admit, however, to a general difficulty in distinguishing changes fostered by the single market from wider international developments in the industry at a time of accelerating globalisation and falling trade barriers.

"The Single Market Review", by Ernst & Young Consultancy Services for the European Commission. Published on July 7 by Kogan Page, London, £20.

EUROPEAN NEWS DIGEST

Plavsic orders assembly shut

The president of the Bosnian Serb entity dissolved parliament yesterday, saying "the functioning of legal order... is in a serious crisis in almost all fields". Mrs Biljana Plavsic said the police were "oppressing criminal activities", she herself was being ignored by the government, and parliament had been "carrying out orders from the informal centres of power". This last was an allusion to Mr Radovan Karadzic, former head of the Bosnian Serbs, who is wanted on suspicion of war crimes during the civil war.

However, the legislature, which is dominated by Mr Karadzic's allies, looks likely to defy her and further escalate tensions. Mr Gojko Cickovic, the Bosnian Serb premier, rejected her decree, saying: "There is absolutely no need to dissolve the parliament, or any other institution."

Mr Karadzic rejects the Dayton peace accords calling for a unified Bosnia made up of a Serb sub-state and a federation of Croats and Muslims. Mrs Plavsic, a former ally, now seems more willing to honour Dayton and work with the Muslims and Croats, even though she continues to support the idea of a separate Serb entity within Bosnia.

AP, Belgrade
Editorial comment, Page 17

Crédit Lyonnais plan in doubt

The French government is likely to have to rethink the rescue plan for Crédit Lyonnais, the troubled state bank, following a report from the organisation charged with co-ordinating its rescue. The EPFR warned of a "profound disequilibrium" in the bank's financial structure and said the plan was too complex and fixed contradictory objectives of selling assets quickly while obtaining the best price.

It said total losses incurred by selling off more than FF220bn (\$35bn) in gross assets from the balance sheet of Crédit Lyonnais would ultimately reach more than FF100bn ahead of financing costs. This is more than twice the level approved by the European Commission. Any modified plan is likely to waive the FF120bn loan Crédit Lyonnais was forced to make at below market interest rates to help finance EPFR.

Andrew Jack, Paris

Poles warned on deficit

Poland faces a Czech-style crisis with a growing current account deficit and pressure to devalue unless the budget deficit is cut from this year's expected 2.8 per cent of gross domestic product to below 2 per cent in 1998. Mr Marek Belka, finance minister, said yesterday.

His warning followed a "heated" debate in the council of ministers, the government's top decision-making body, on next year's draft budget. Ministers from the Polish Peasant Party, the junior coalition partner, criticised Mr Belka's deficit target of 1.9 per cent for next year on the grounds that it would cut growth, increase unemployment and do little to boost exports.

This year's current account deficit is set to reach \$6bn, much higher than last year's \$1.35bn. Ms Grmekiewicz-Waltz, head of the central bank, has said that interest rates will have to rise to keep the deficit under control even if Mr Belka manages to push his 1.9 per cent target through.

Christopher Bobinski, Warsaw

Clabecq unions back sale

Unions at the bankrupt Belgian steel company Forges de Clabecq have approved its partial takeover by the Italian-Swiss group Duferco, Belgium's RTBF radio said yesterday. "It is good that there is a takeover plan and I am happy the four unions agree on it," a union leader told RTBF. Mr Roberto Grosso, Duferco director, said: "This is a major step forward."

The plan will be presented to Clabecq workers, who must vote on it before July 15. Under it, 820 of Clabecq's 1,800 workers will get a job in the new company, albeit on less favourable terms.

Reuter, Brussels

UK supports US Nato stance

Britain yesterday signalled support for the US desire to limit the first wave of Nato expansion to Poland, Hungary and the Czech Republic. Other European members of the alliance favour wider enlargement, including Romania and Slovenia. Mr George Robertson, the UK defence secretary, warned that Nato's decisions had to be "based on its security needs, not on posturing." Nato membership "cannot be a substitute for EU membership."

Launching the government's strategic defence review at a seminar with Mr Robin Cook, the foreign secretary, he spelt out key UK criteria for admitting new members: "Will it contribute to stability and security in Europe, particularly in the context of our future relationships with Russia? Will it maintain or dilute the alliance's military effectiveness? Will it be cost effective, bearing in mind that the bigger the expansion the bigger the bill?"

Edward Mortimer, London

German police accused

German police officers, often driven by racism, are beating up foreigners as part of a "worrying pattern" of brutality, Amnesty International claimed yesterday. The human rights organisation also accused German authorities of failing to curb the problem and said investigations into charges of police abuse had often been slow, biased and sloppy.

More than 40 new reports of police mistreatment since its last survey in May 1995 confirmed that there was "a clear pattern of abuse", Amnesty said. The new report said the vast majority of victims were foreigners and members of ethnic minorities.

AP, Bonn

ECONOMIC WATCH

Industrial orders slip

Germany
New manufacturing orders (annual % change in volume)



German industrial orders fell by 0.8 per cent in May compared with April, ending a four-month run of gains. But comparing the latest two months with the previous two showed a strong gain of 4 per cent, the economics ministry said yesterday. May's dip in orders followed a jump of 3.7 per cent in April. Compared with a year earlier, new orders were still up by 5.9 per cent in May after a 7 per cent increase in April. The ministry said the fall reflected the end of a series of big industrial orders which had boosted figures between January and April. The industry orders data followed the release on Wednesday of May production figures also showing a slight monthly fall of 0.2 per cent. Also yesterday, the Ifo economic institute said investment by western German manufacturing industry was expected to rise by a nominal 4 per cent this year and by just under 4 per cent in real terms.

Reuter, Bonn

■ Belgium's unemployment rate was 12.6 per cent in June against 12.5 per cent in May and 12.6 per cent a year earlier.

■ Spanish producer prices rose 0.1 per cent in May from April, and were up 0.8 per cent from a year earlier.

Blood flows at 'royal' Albania rally

By Guy Dinmore in Tirana

In military uniform, with a grenade and pistol strapped to his belt, Albania's self-declared King Leka yesterday marched several hundred supporters down Tirana's Boulevard of Martyrs to a protest rally - where security forces opened fire.

Witnesses said one man fired a pistol into the air as a crowd gathered outside the central electoral commission to protest against what they said was manipulation of the results of last Sunday's referendum on restoring the monarchy.

Security forces then opened fire with automatic weapons, apparently into the air to disperse the demonstration. Monarchists replied with Kalashnikovs and said one of their supporters had been killed and several seriously wounded. Blood ran down the steps of the Palace of Congress,

where the electoral commission is based.

Before leading the protest march, the 58-year-old pretender to the throne addressed a small rally in the capital's central Skanderbeg square, calling for peace and rejecting Socialist claims that the monarchists had been heavily defeated in the referendum.

"Pick up your arms. Take your arms and fight for Albania. Death and victory," replied the crowd, singing an Albanian folk song as they set off.

The gunfight added to tension in Tirana. Albanians are anxiously waiting to see if the Socialists, heirs to the old Communist party, will enjoy a smooth transition to power after their victory over President Sali Berisha's rightwing Democrats in general elections held at the same time as the referendum last Sunday.

Fears of a military take-

over swept the capital this week after Mr Berisha ordered his presidential guard to secure the city and the central bank. Mr Bashkim Fino, Socialist prime minister of the interim government of national unity, countermanded the orders and said he had full control of the situation.

On Wednesday Mr Berisha made clear he would accept the results of the elections and step down once the Socialists formed a new government. A second round of voting is supposed to be held next Sunday for about a fifth of the parliamentary seats that were not won by outright majority in the first round.

Many fear Mr Berisha's Democrats, who had an electoral alliance with the monarchist Legality Movement, are trying to foment unrest among royalists with the backing of some of the presidential guard.



Albania's self-proclaimed King Leka, surrounded by supporters and bodyguards, leads a protest march by monarchists in central Tirana yesterday.

Risk of delay in Chernobyl shut-down

By Sander Thoenes in Brussels

The long-awaited closure of the Chernobyl nuclear power station in Ukraine could be delayed by a decision of the European Bank for Reconstruction and Development to put off granting funds for substitute nuclear plants.

EBRD officials said its member states had agreed last week that doubts about whether the \$1.2bn project met the bank's least-cost criteria should be resolved by carrying out new feasibility studies. These would focus on funding one substitute plant first and on alternative options such as fossil fuel plants or energy saving measures. They admitted that the studies were unlikely to support funding for two power plants.

Ukraine has said it will have to keep Chernobyl open unless western countries provide money to complete two plants to provide an alternative source of electricity.

Mr Yuri Kostenko, environment minister, said yesterday that if there was a delay in completing the other power stations, parliament might prevent the last Chernobyl reactor being closed and even demand a second reactor be restarted despite the safety problems revealed by the 1986 disaster. Ukraine has also complained that the cost of building a new sarcophagus to cover the exploded reactor is expected to reach \$750m and the Group of Seven industrialised countries has pledged only \$300m.

In 1995 the G7 - which is eager to keep Ukraine from becoming more dependent on Russian gas supplies - urged the bank to lend \$370m towards completion of two nearly finished reactors as part of the group's \$3bn aid package promised to Ukraine in return for closing the Chernobyl complex by 2000. Pressure has also come from engineering companies

in the US, Germany and France, which, faced with a collapse in demand for nuclear power plants in their own countries, are eager to win contracts for the new Ukrainian reactors.

Last February, however, an independent study for the EBRD concluded the project did not meet the bank's least-cost criteria because it was based on "unrealistic" assumptions about a rise in fossil fuel prices and demand for electricity in Ukraine. The country's largest energy consumers are obsolete defence and heavy industries which have all but shut down for lack of demand.

Mr Steve Thomas, a researcher for the group of economic experts who reviewed the project, said overcapacity in energy production would enable Ukraine to shut down Chernobyl by 2000 without serious consequences.

Some bank directors feared that the big member states would insist on waiving the bank's obligation to abide by the study or simply ease its definition of least cost. Mr Jacques de Larosiere, the bank president, had opposed any easing of the requirements, fearful of undermining the bank's triple-A credit ratings as a cautious lender.

However, the bank's member countries have now agreed that the EBRD should stick to its rules.

Furthermore, the bank directors have yet to consider safety concerns raised by the Austrian government. European MPs and some of the nuclear safety experts hired by the European Commission. A European Union official said, however: "I can't see what we can do better than this. We have only two alternatives. They complete the project with our safety level and control and they close Chernobyl. Or they complete it with their safety level and control and without closing Chernobyl."

Spain is forced to mark time in Nato

Next week's landmark Nato summit will be the biggest international meeting Madrid has ever hosted, but it is already clear that it will deliver less than the Spanish had hoped.

Mr Javier Solana, Nato's Spanish secretary-general, says the success of the meeting - marking the alliance's opening to central and eastern Europe - is "guaranteed". But, in addition to starting the entry process for former members of the Warsaw Pact, Nato's old adversaries, the summit was also supposed to agree a new structure of military commands for the alliance, integrating Spain fully for the first time. To the frustration of Spain's centre-right government and its defence establishment, that part of the agenda for a new Nato is not ready.

France's plans to rejoin the alliance's military wing after three decades' absence are now on hold, following the recent change of government. They are, in any case, stuck over disagreement with the US on whether a European instead of an

Madrid's full integration into the alliance is being held up by failure to agree new command structure, writes David White

American officer should hold the Naples-based southern command, which includes the US 6th fleet. Since the cold war ended, this has become Nato's main operational "theatre".

The Spanish say they support the French case. But they have more pressing concerns of their own. A new map for Nato "sub-regional" headquarters - the next rung down - has still to be agreed, including the limits of a planned new southwestern (that is, Spanish) command.

Complications over Spain's incorporation have been the subject of delicate discussions with the US, Portugal and Britain.

Spain was the last country to join Nato 15 years ago - the only new member since the 1950s. But, after joining, it spent the first four years dithering about whether it really wanted to be in, and the next decade had only one foot through the door.

First the Socialists, who opposed entry, came to power. Mr Felipe Gonzalez, as prime minister, pressed ahead with what he now calls a "stupid referendum". By the time it was held, his government was firmly in favour of staying in, but nearly lost the vote.

The referendum set conditions for continued membership: no nuclear weapons in Spain; fewer stationed US personnel; and no participation in the military structure. But an independent military stance made less sense for Spain than for France, with its big defence effort and its own nuclear weapons. Spain, in contrast, has the lowest defence expenditure as a share of gross domestic product of any Nato country except Luxembourg - 1.5 per cent.

In practice, the Spanish have participated in Nato activities more than the French: for instance, in defence planning and

nuclear policy meetings.

At the same time, Spaniards have shed their complexes about Nato. Last November, parliament voted overwhelmingly to join the military structure, with the Socialists in support. The decision was pegged to the creation of a new Nato set-up, smaller and more flexible, with Spanish officers given suitable jobs. But it left tough questions to resolve.

The first involves the Canaries. Island MPs, whose support the government usually counts on, abstained from the Nato vote, demanding guarantees that the archipelago would be under Spanish command.

Spain has secured this in principle, but also wants control of a sea corridor linking the islands to the mainland. The demand fits in with the Spanish military doctrine of a "geo-strategic continuum" from the Canaries to the Balearic

Islands, through the Gibraltar Strait - an axis considered vital both as both the gateway to the Mediterranean and as a flank facing North Africa.

This complicates matters for Nato and the division of tasks between its Atlantic and European commanders. The zone is now in the patch of a regional command, Iberian, based at Oeiras near Lisbon, reporting to the supreme Atlantic commander (Saclant) in Norfolk, Virginia. But the planned Spanish command, including the Canaries, would come under the Naples headquarters, subordinate to the Belgian-based supreme European commander (Saceur).

Spanish officials suggest joint control may be possible. But the US fears for military effectiveness.

The other issue is Gibraltar, now the site of a subsidiary headquarters. Spain could never accept putting troops, even notionally,

under orders from a British colony which it claims as its own territory.

Nato's planned streamlining neatly overcomes this by doing away with so-called "fourth-level" commands, Gibraltar included. But Britain insists on Spain first lifting restrictions on military movements, which it sees as an anomaly inside Nato. At present, military aircraft may not fly over Spanish territory en route to or from Gibraltar, nor may warships sail directly between Gibraltar and a Spanish port.

Madrid has indicated its willingness to drop most of the restrictions. Officials say policy is not to make a Nato issue out of a bilateral dispute. But allied diplomats see Spain trying to keep its ammunition while it pursues its other demands.

Mr Jose Maria Aznar, the prime minister, may make a formal declaration at the summit of Spain's plans for joining the Nato mainstream. But he will want some minimum conditions to be met first.

Europa, Page 16

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INGCALAND 100% ING US\$ 250,000,000 Revolving Credit Facility Arranger and Agent	SAINT-PIERRE'S CORPORATION 5.75% Bonds 1997 due 2007 Bookrunner	中國海外發展有限公司 CHINA OVERSEAS LAND & INVESTMENT CO. HK\$ 1,528,222,500 Placement of 304,380,000 existing shares at HK\$ 5.00 per share Lead Manager and Bookrunner	S 1.44% INTEL CORP. (INDUSTRY) LIMITED HK\$ 1,980,000,000 Placement of 165,000,000 existing shares at HK\$ 12.00 per share Bookrunner and Lead Manager	Koninklijke Paktbond NV 5.125% Bonds NLG 150,000,000 Subordinated Loan Facilities Arranger and Agent	LIBERTEL 4.50% Bonds NLG 400,000,000 Term Loan Facility Arranger and Agent	ROYAL LUTTE CO. LTD The Project US\$ 49,763,955 Project Finance Facility Arranger	PolyGram FILMED ENTERTAINMENT US\$ 300,000,000 Second Film Financing Facility Arranger
STANLEY US\$ 160,000,000 Trade Finance Facility Arranger and Agent	AGENCE DE DEVELOPPEMENT DU COTON Coton Pre-Export Facility Arranger and Agent	WHIC WESTMINSTER HEALTH CARE HOLDINGS PLC US\$ 85,000,000 7.375% Senior notes due 2006 Arranger	Wolters Kluwer 5.875% Subordinated Bonds 1999 due 2004 Bookrunner	200 DEVELOPMENT & FINANCE COMPANY LIMITED 5% Convertible bonds due 2003 Financial Adviser and Global Co-ordinator	SEAGRAM MINING CORPORATION International placement of 35,000,000 shares Sole Agent	IN-SHANT PHARMACEUTICALS LTD US\$ 200,000,000 Fixed Rate Notes Lead Manager	COCA-COLA AMATE CREDIT ADVANCE CZK 2,000,000,000 Commercial Paper Programme Issuing and Paying Agent
GENERAL ELECTRIC CAPITAL CORPORATION 5% Bonds 1996 due 2001 Bookrunner	PTDAH PUNA NABUUNA LTD Asset Public Offering Global Co-ordinator	bluewater BLUEWATER OFFSHORE RESOURCES LTD US\$ 198,000,000 Project Finance Facility Arranger	Thai Cars Ltd. US\$ 250,000,000 Secured Guaranteed Fixed Rate Notes Arranger and Lead Manager	Westland/Unicredit NLG 5,000,000,000 Euro Medium Term Note Programme Arranger and Dealer	ING BAZING INC US\$ 163,000,000 Initial Public Offering Global Co-ordinator	PHILIPS PHILIPS SECURITIES TRUST US\$ 150,000,000 Multi-Currency Dual-Currency Export Securitisation Programme Arranger	AKZO NOBEL AKZO NOBEL NV NLG 300,000,000 5.75% Bonds 1994 due 2001 Bookrunner

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ING BARINGS

NEWS: WORLD TRADE

Companies three times keener to relocate in Czech Republic than any EU country

German machine groups opt for east

By Peter Marsh in London

German machinery companies are more than three times keener to relocate production to the Czech Republic than they are to any European Union country, according to a survey by the VDMA, the German plant and equipment manufacturers' association.

The US, China, Poland, Hungary and India all came higher up the list of the places where German companies wish to transfer production than the next placed country in the EU, which is Italy, the survey says.

The survey provides fur-

Preferred location	Number of companies voting for each location
Czech Republic	50
USA	48
China	34
Poland	28
Hungary	24
India	20
Italy	14
Britain	11

Source: VDMA

ther evidence of the move by German manufacturers to switch production to other countries, both to escape high labour costs and rigidities over plant operating hours, and also to move

closer to expanding markets.

Germany's machinery industry is the biggest in Europe and one of the country's most powerful economic drivers. It has annual sales of some DM230bn (\$135bn) and employs almost 1m people.

According to the study, which was conducted jointly with the University of Mannheim, the industry expects to create 135,000 jobs abroad over the next few years. The direct impact of these foreign plants will reduce employment in Germany by 33,000.

But the survey also says the transfer of production

operations to other countries can also help stabilise the number of jobs in Germany. Often manufacturing processes transferred to other countries, particularly in the former communist nations of eastern Europe, have involved relatively low-skill jobs.

By making the parent companies more competitive, the transfer of production can, the VDMA says, help to keep in Germany jobs in areas such as design, marketing and production of high-tech components.

Some 36,000 jobs in Germany have disappeared in the past five years among

machinery companies due to the direct effects of transfer of production operations outside the country. However, the VDMA says this figure is relatively low compared with job losses because of the country's economic difficulties.

Of the 572 companies in the VDMA's survey, 40 per cent have factories outside Germany, while 20 per cent are planning to start them. Of the companies which already have non-German plants, 90 per cent are planning expansions.

Just over a third of the companies said their moves to other countries reduced

numbers employed in Germany, while 17 per cent said the changes increased German staff levels, possibly by opening up new markets.

Of the companies switching production outside Germany, 50 voted for the Czech Republic as the best place to go, while 14 mentioned Italy and only 10 the UK.

When asked about the countries to set up in, either as part of transfer of manufacturing from Germany or to exploit new markets, eastern Europe and the former Soviet Union emerged as the most favoured region, along with China and the rest of eastern Asia.

Corridors promise efficient transport

Brussels' grand road/rail network for eastern Europe is dogged by financial uncertainties

By Charles Batchelor, Transport Correspondent

A united Europe from the Atlantic to the Urals may be a long way off - but work on the road and rail connections which may one day make closer links possible is already under way.

Undertaken by slow progress in the Ecu350bn (\$395bn) programme for trans-European networks (TENs) in western Europe, the European Commission is pressing ahead with a complementary network of transport corridors in eastern Europe.

Work on 10 corridors from the Baltics to the Aegean and from the Polish-German border to Moscow is well advanced. Transport ministers from 40 mainly central and eastern European countries gave their backing to the Commission's plans at the Third Pan-European Transport Conference in Helsinki last week.

But for all the optimism of the conference - inclusion in a corridor ensures access to EU funding and priority treatment by lending institutions, such as the European Investment Bank (EIB) - consid-

erable obstacles remain.

"None of the projects is viable in purely financial terms," warns Mr Jim Dawson, chairman of Gibb, a UK-based engineering consultancy which has built the computer model to assess transport projects. "They will need public support."

Even heavily trafficked routes such as corridor II, linking Berlin with Moscow via Warsaw and Minsk, are not financially viable along their entire length, although short sections of motorway might be made to pay through tolls.

The cost of building or upgrading road and rail links in central and eastern Europe is usually lower than in the west but relatively low incomes mean that it is difficult to charge much for using either motorways or trains.

"It will need a bigger public commitment than in the west," says Mr Claes de Neergaard, vice president of the EIB. "You cannot pin too much hope on private finance."

One recent study estimated that governments would have to supply two-thirds of the total funding requirement of between

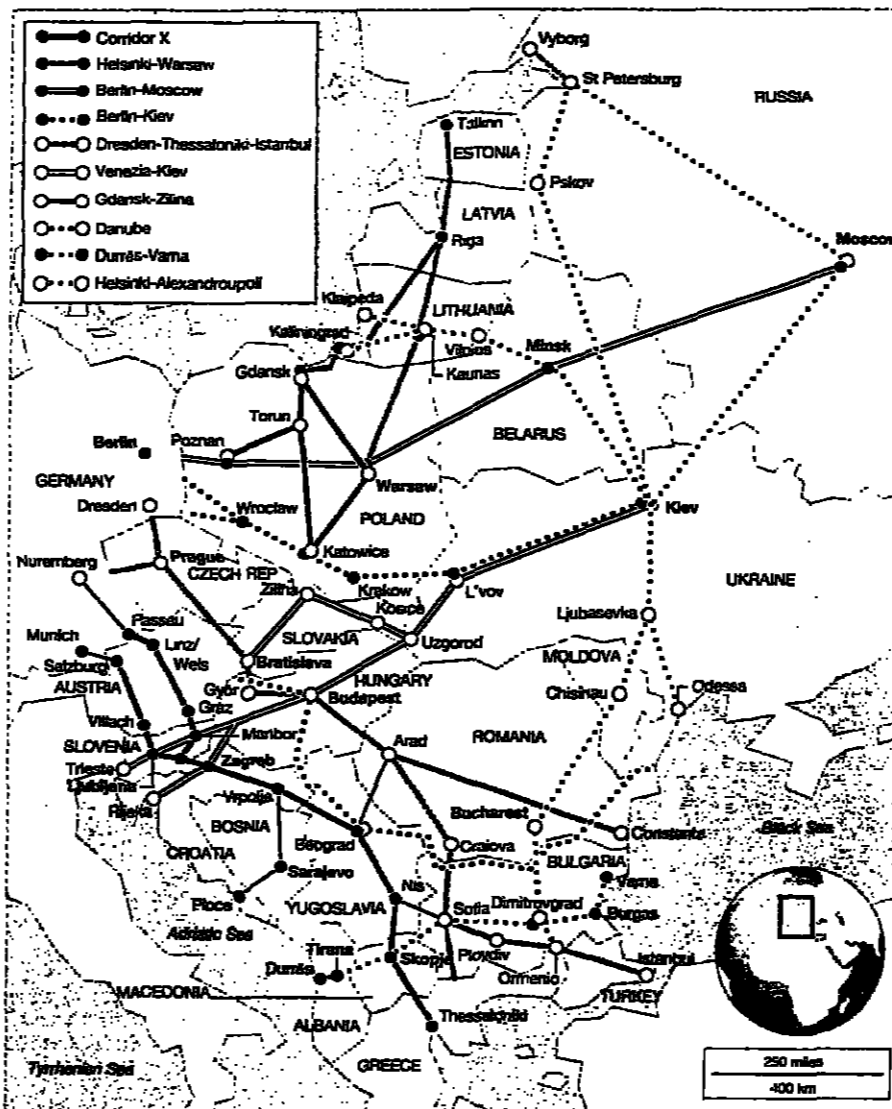
Ecu66bn and Ecu94bn.

Traffic forecasting is a notoriously difficult science, even in the west. But in eastern Europe it is even more suspect, because statistics have often been massaged for political ends and rapidly changing transport patterns make extrapolating from past experience difficult.

Yet accurate forecasts are essential. "In effect what you are funding is the forecast," comments one banker. The first privately financed motorway in eastern Europe, the 43km long M1 between Budapest and Vienna achieved less than two-thirds of forecast traffic flows in its early months.

If these obstacles can be overcome, the corridors programme holds out the promise of efficient multimodal transport - using rail for long haul and road for shorter stretches. "The corridors are way ahead of what we are doing in the west," says Mr Dawson.

The commission's plans for eastern Europe appear ambitious but the rapid growth of road transport is already posing a threat to the region's traditional dependence on rail.



The European commission's vision of transport links in central and eastern Europe is based on a network of 10 corridors along the main trading routes. Roads and railway lines already run along most of these corridors but many need upgrading to remove bottlenecks and reduce journey times. The corridors are intended to allow national governments, the European commission and international banking organisations to concentrate on a manageable number of priorities.

WORLD TRADE NEWS DIGEST

Japanese buy more car parts from abroad

Japanese carmakers bought more foreign-made car parts in the last fiscal year, according to the Japan Automobile Manufacturers' Association. Purchases of parts from the US rose 8.1 per cent to \$22.7bn, while those from Europe rose 5.2 per cent to \$5.9bn.

The increase underlines the growing globalisation of Japanese car companies and is likely to be welcomed by Japan's trading partners.

Two years ago, the US and Japan reached an agreement that Japanese carmakers would try to increase purchases of foreign-made car parts, after a bitter dispute that nearly resulted in sanctions on Japanese car imports in the US. The yen's fall against the US dollar has also encouraged buying abroad.

Part of last year's increase results from higher production at Japanese companies' US manufacturing subsidiaries. Toyota, for example, has increased production in the US from 620,000 in 1994 to 767,000 in 1996. Honda has raised production in the US from 498,000 three years ago to 634,000 last year.

Japanese carmakers bought more European car parts last year largely on the back of increased local production. Honda's production in the UK has gone up from 43,000 in 1994 to 106,000 last year.

Nissan raised production in the region to 328,200 last year compared with 307,000 in 1994, while Toyota increased production from 91,000 to 119,000.

Shinichi Nakamoto, Tokyo

Chilean senators back accord

Chile's Senate has approved a free trade accord with Canada. The accord is expected to eliminate about 80 per cent of trade barriers between the two countries. The remainder, including those on many sensitive farm products, will be phased out over 15 years.

Approval of the pact was held up by opponents, mostly rightwing legislators from agricultural districts, who tried to win concessions from President Eduardo Frei's government on other trade issues. The vote was 34-6, with three senators abstaining.

The treaty is compatible with the North American Free Trade Agreement (Nafta) between Canada, Mexico and the US. The Clinton administration has proposed expanding the Nafta treaty to include Chile and other Latin American nations.

A long-awaited trade treaty between the European Union and Mexico has been delayed because of a row over maritime cargo. A meeting of EU ambassadors sent the treaty back to the European Commission for partial renegotiation after Denmark and Greece complained their shippers faced discrimination.

Imogen Mark, Santiago

WTO lauds internet initiative

The World Trade Organisation yesterday welcomed US President Bill Clinton's views in favour of free trade on the internet.

WTO director general Renato Ruggiero greeted the US initiative with enthusiasm and said the US lead would promote free trade on the internet and global electronic commerce.

"It is a very interesting idea and in line with the telecommunications accord and Information Technology Agreement, in that we should not create barriers to business and trade," said Mr Ruggiero. The WTO said it was excited about being involved, especially regarding copyright and intellectual property rights.

Foreign Staff

NEWS: INTERNATIONAL

Enraged Arab world blames Israel after Jewish settler puts up posters insulting to Moslems

Angry Saudis step up pressure on Israel

By Mark Huband in Cairo

Saudi Arabia yesterday stepped up diplomatic pressure against Israel amid mounting Arab outrage over an anti-Moslem incitement which last night reignited violence in the Palestinian territories, leaving one dead and 37 injured.

Prince Saud al-Faisal, the Saudi Arabian foreign minister, said in Cairo yesterday that full blame for the current impasse in the Middle East peace process attached to Israel. "It is being portrayed as if somehow Saudi Arabia and Egypt are responsible for the current situation. If any damage is being done it is because of Israeli policies and acts on the ground. If there's going to be any change, it has to be on the side of the Israelis."

Despite an Israeli government apology, Arab states are incensed by the discovery in the West Bank town of Hebron of posters pasted to shopfronts by an Israeli settler which depict the Prophet Mohammed as a pig - an animal viewed as dirty by Moslems as well as Jews,

who are both forbidden to eat it.

"We believe [the posters] revealed something that has been hidden. The posters express the Israeli view of the Arab citizen," Prince Saud al-Faisal said yesterday. "It is a new sign of what must be changed in Israel's thinking and manner if what is wanted for the peace process is to proceed along the correct path. It is a bad sign, that expressed a sickness in the Israeli view of Arabs," he said.

In response to the Israeli

government's increasingly intransigent attitude towards the Palestinians, Saudi Arabia's Crown Prince Abdullah this week called upon the Gulf state of Qatar to cancel the fourth Middle East and North Africa economic conference scheduled for November. Israel is to be invited as part of the normalisation of Arab-Israeli relations launched in 1991.

Prince Abdullah said Saudi Arabia would boycott the summit because of the Israeli presence. The US has encouraged

Saudi Arabia and other states to attend. Prince Abdullah rejected this call.

However, Egypt's President Hosni Mubarak clearly intends to use the question of attendance at the summit as a form of pressure against Israel. "I cannot tell you that I am going. It depends on the situation just before the conference," he said earlier this week.

Mr Ahmed Abdullah al-Mahmoud, Qatar's foreign minister, yesterday reaffirmed that plans for the conference were going ahead

and that all states which attended the Cairo Middle East summit last year would be invited, by implication including Israel.

Direct Palestinian-Israeli talks were halted in March when Israel began construction of a Jewish settlement in an Arab area of East Jerusalem. The sovereignty of Jerusalem is central to the stalled talks, as both Israelis and Palestinians claim it as their capital. The status of Jerusalem is at the heart of Saudi policy due to the importance for Moslems of the city's Al-Aqsa mosque, the third holiest shrine in Islam.

Egyptian hopes for a resumption of Palestinian-Israeli talks are now dimming.

Mr Amr Moussa, Egypt's foreign minister, has made increasingly sceptical public statements regarding the progress of a five-week Egyptian mediation, which has been conducted by Mr Osama Al-Baz, political adviser to Egypt's President Hosni Mubarak.

"The situation in the occupied territories and the situation in the peace process



President Mubarak: pressure on Israel

are not in good shape," Mr Moussa said yesterday.

Mr Al-Baz was due to visit Israel this week. But a senior Egyptian official confirmed yesterday that the visit, intended to push a five-point Egyptian plan aimed at suspending Israeli settlement building in Arab areas and pursuing discussions on the establishment of a port and airport in Palestinian-controlled Gaza as well as a road link between Gaza and the West Bank, had been postponed indefinitely.

Disguised Israeli troops arrest protesters

Israel yesterday used undercover soldiers to arrest several Palestinians protesting against posters depicting the Prophet Mohammed as a pig.

The soldiers, speaking fluent Arabic and wearing masks and Arab head-dresses, had mingled with a crowd of Palestinian youths in Bet Hadassah, the Israeli enclave in the West Bank town of Hebron.

During the arrests, the youths ran back to the

Palestinian quarter of the divided town, where Israeli forces had earlier started using live ammunition and deploying sniper units to quell violence.

Israeli Defence Forces could not comment on the use of undercover soldiers. "The IDF does not give information on the activities of its operations," a spokeswoman said.

Mr Benjamin Netanyahu, Israeli prime minister, whose government is still

paralysed over a ministerial reshuffle dispute, yesterday said he was "not willing to accept street violence while we are running a peace process".

Meanwhile, Ms Tatiana Suskind, held on suspicion of distributing the posters, was charged by a Jerusalem court with insulting Islam and supporting a banned terrorist movement.

She has been remanded in custody until Wednesday.

US military plans central Asian exercise

By Charles Clover in Almaty

US Marine Corps General John J. Sheehan, supreme allied commander of the Atlantic, arrived in Tashkent, Uzbekistan, yesterday for a meeting today of the defence ministers of Kazakhstan, Uzbekistan, and Kyrgyzstan. The four are to discuss preparations for joint military manoeuvres in the region in September.

The manoeuvres are to be peacekeeping exercises of the multinational Central Asia Battalion. They are to take place in Chernayevka, Kazakhstan and Chirchik,

Uzbekistan. They will include about 500 US troops from the elite 82nd airborne unit, along with soldiers from the three central Asian states as well as Russia, Turkey, Denmark, and some other countries of the Commonwealth of Independent States (CIS).

According to a US government official, the exercises are in the spirit of Partnership for Peace, a 27-nation peacekeeping organisation whose creation coincided with the policy of Nato enlargement announced in 1994.

"They have in mind some-

thing like the Baltic peace-keeping force," according to a US government official. "The manoeuvres are designed to breed a familiarity with Nato and to tie these armed forces into the new Nato idea of peacekeeping."

The Uzbek foreign ministry said the discussions "are not within the framework of Nato, but rather of a bilateral nature."

Mr Sheehan is also likely to discuss bilateral relations with Uzbekistan, whose foreign minister, Mr Abdulaziz Komilov, agreed with US State Department officials to

set up a joint commission to oversee bilateral relations between the two states.

The defence ministers' meeting follows a month in which Kazakhstan has taken some unusually provocative steps against Russia, unilaterally lowering tariffs on vehicles and furniture in contravention of a customs union agreement with Russia, Belarus, and Kyrgyzstan. Under the customs union arrangement, the four countries had agreed to impose a common tariff on goods coming in from outside the CIS. By unilaterally lowering tariffs, Kazakhstan

has increased the competitive edge of western goods over Russian ones.

Last week, Russia protested against a joint US-Kazakh scientific mission which would gather data on a Soviet nuclear test site in the Kazakh province of Semipalatinsk.

Then last week Kazakh President Nursultan Nazarbayev made unusually aggressive statements about Russia in a broadcast on Kazakh television, days after a meeting with US Vice President Al Gore.

"There are many ill wishes. They have drawn up dif-

ferent programmes, if not to bring back the Soviet Union, then to bring Kazakhstan back under Russia's wing."

"Today's [Russian] policy [towards Kazakhstan] is okay... but what if tomorrow, some radical comes to power in Russia and says that he will restore the Soviet Union?" Mr Nazarbayev went on to say that Kazakhs should be ready to "preserve their country's independence and integrity".

Nevertheless, Kazakhstan will be participating in the September manoeuvres alongside Russia.

INTERNATIONAL NEWS DIGEST

Curbs 'to ease' in Algeria

Algeria's new government will end the country's five-year-old state of emergency this weekend, the French-language daily L'Authenticite, considered close to the authorities, reported yesterday. President Liamine Zerroual made the promise in recent election campaigning. The decree will be lifted on Independence Day tomorrow, the paper added. More than 250 people have been killed since parliament voted on the issue last month.

The emergency empowers officials to set up detention centres, to make arrests and searches without normal procedures, and to try detainees before military tribunals.

All demonstrations deemed likely to disturb public order are banned at present. Violence between security forces and Muslim insurgents erupted in 1992, after the army cancelled legislative elections that fundamentalist parties were poised to win. The emergency has been in effect since February 9, 1992.

AP, Algiers

Iran, Russia 'in nuclear talks'

Iran and Russia are holding discussions in Tehran on nuclear co-operation, focusing on a nuclear power station in the southern Iranian port of Bushehr, the daily Tehran Times reported yesterday. The head of Russia's Supreme Government Atomic Supervision Organisation was in Tehran at the invitation of the Iran Atomic Energy Organisation (IAEO), the newspaper added.

"The first round of talks was held on Wednesday, discussing the mutual co-operation agreement between the IAEA and the Russian organisation. The agreement aims at exercising control and supervision of the design and execution of the Bushehr atomic power plant," the English-language daily said.

Russia has signed an \$800m deal with Iran to complete the plant despite US objections that Tehran might use the technology to develop nuclear arms. Iran has repeatedly denied it has any intention of building a nuclear bomb, saying it wants alternative sources of energy and its nuclear sites are open to international inspection. Mr Reza Amrollahi, head of the IAEA, was quoted as saying in January that the Bushehr plant would come on stream in three years.

Reuters, Tehran

Doubts on Nigeria handover

Changes to the timetable for elections in Nigeria have added to doubts about the commitment of its military rulers to restoring democracy, opponents and analysts said yesterday. Since General Sani Abacha, the country's military leader, set out his timetable in 1996 for a return to civilian rule, his plan has been attacked as insincere at every stage by critics at home and abroad.

The committee handling the transition plan said yesterday that elections set for this year had been put off until next year at the request of the five legal political parties. Presidential elections are scheduled for August 1, before a promised handover to civilian rule on October 1, 1998. Opponents claim the democracy plan, adopted when Nigeria was under national and international pressure to reform, is no more than a ruse to ensure the military retains power.

Reuters, Abuja

سكربت الراحل

NEWS: THE AMERICAS

■ Peso up ■ Inflation down ■ Market booming ■ Exporters squeezed

Mexico shrugs off election jitters

The Mexican peso is challenging received wisdom by remaining steadfast and serene during a tumultuous mid-term election campaign for Congress. The freely-floating currency has reflected none of the usual pre-election market jitters even as most analysts herald next Sunday's elections as a watershed in Mexican politics, with the ruling Institutional Revolutionary Party (PRI) likely to lose control of Congress and the mayoralty race in Mexico City.

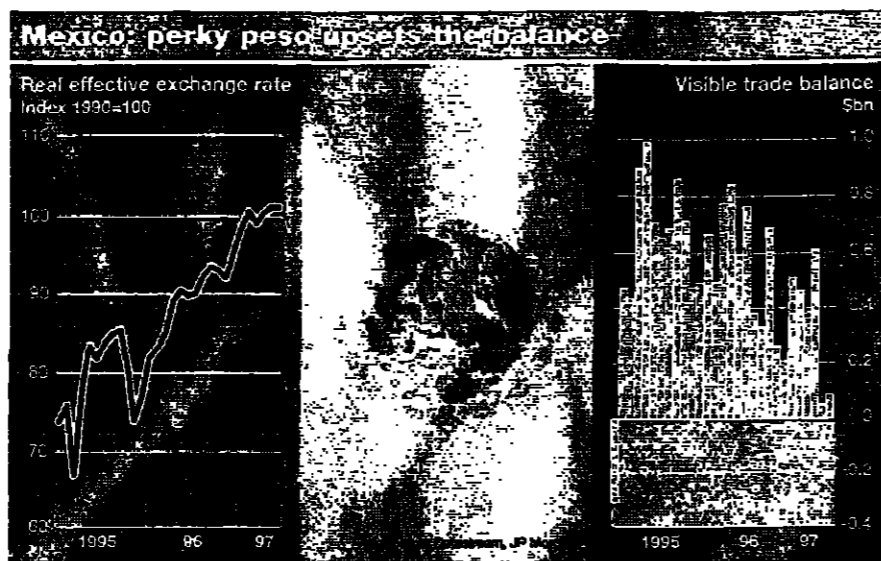
Unlike previous elections, there has been no sign of capital flight, no inflationary expansion of credit, and no hoarding of dollars under mattresses.

According to the Mexican Institute of Finance Executives (IMEF), the very opposite has happened. It estimates Mexicans have repatriated more than \$5bn since the start of the year, contributing to strong capital inflows that have allowed the Bank of Mexico to accumulate \$14bn in international reserves.

Inflation and interest rates are falling, and Mexico City's stock exchange climbed to new peaks this week, apparently oblivious to the outcome of Sunday's elections.

Mexican economists are puzzled by this unusual state of affairs. In particular, they do not understand why the peso has continued to appreciate against the dollar in the face of political uncertainty, a dwindling trade surplus and double-digit inflation.

The peso has not budged



much from its early-1997 rate of 7.9 to the dollar in nominal terms in spite of inflation in Mexico about 9 percentage points greater than in the US. But its strength - usually viewed as a signal of confidence in the economy - has become a subject of controversy between exporters, economists, the Finance Ministry and the Bank of Mexico.

The strongest criticism of the peso's real appreciation has come from Mr Eugenio Clariond, a Monterrey steel magnate who last month was elected leader of the Mexican council of businessmen, which groups the 34 wealthiest captains of industry in Mexico.

"Since 1970 and to this day," Mr Clariond told a meeting of finance executives, "Mexicans often witness how our monetary authorities encourage the

revaluation of the peso until it becomes overvalued. Invariably, this leads to a brusque devaluation," Mr Clariond said.

Mexico's recurrent devaluations wiped out the capital of thousands of productive enterprises. They destroyed jobs, economic growth and personal savings. It could happen again, Mr Clariond warned. He called on President Ernesto Zedillo, a former central bank economist, to halt the revaluation of the peso before it was too late.

Mr Clariond is regarded as the spokesman for Monterrey's powerful industrial conglomerates, leading exporters whose profit margins have been squeezed by the strengthening peso. At Vitro, one of the world's largest glass manufacturers, one executive complains: "The appreciation of the peso has certainly hurt us.

Our export earnings have suffered. If President Zedillo really wants the export sector to be the motor of economic growth, why is he allowing a strong peso to undermine our competitiveness?"

Alongside the erosion of profit margins for exporters, Mr Rogelio Ramirez, director of Ecanal consultants in Mexico City, detects other warning signals of an overvalued exchange rate. "Imports of consumer goods are rising quickly," he says, "and retailers are reporting that it is again cheaper to import certain goods, such as furniture."

Through most of last year Mexico ran hefty monthly trade surpluses, but in April and May the monthly figure was down below \$100m.

At the Bank of Mexico, however, Mr Jesus Marcos Yacamán, a deputy gover-

nor, does not understand what all the fuss is about. Interest rates and the exchange rate are floating freely, he says.

"If exporters are right [about an overvalued peso], the market will correct itself," Mr Marcos says. "In a floating regime, exchange rate pressures do not accumulate." He believes the peso has appreciated because expectations for the economy have improved.

Part of the problem in the debate is that there is no consensus over the "correct" exchange rate for the peso. The IMEF believes the peso is about 8 per cent overvalued in relation to the dollar. "The worry of some industrialists is not the current level of overvaluation, but that this trend should continue until another peso crisis is unleashed," it says in a report.

Mr Paulo Leme, director of emerging markets research at Goldman Sachs in New York, estimates the peso is about 3 per cent under-valued relative to its long-term equilibrium rate. "The peso is now at its fair value, but going forward, the latitude for a further appreciation has disappeared. The government's policy mix should be geared towards preserving the real level of the exchange rate," he says.

Mr Eduardo Bours, chairman of the co-ordinating Council of Businessmen, believes the exchange rate is about right.

Mr Guillermo Ortiz, finance minister, studiously avoids giving an official opinion on the matter. "In a floating regime," he says, "market participants are responsible for correcting any perceived overvaluation." He believes the government should not signal where the peso should be, having allowed the peso to float following Mexico's bungled devaluation in December 1994.

Some economists have begun to detect a growing policy rift between the finance minister and the central bank, which likes the peso's strength because it has helped curb monthly inflation to below 1 per cent.

"The Bank of Mexico is the old man out in this debate," Mr Ramirez says. "The president says he wants strong export growth. The finance ministry favours a competitive peso. The currency is therefore due for a correction."

Leslie Crawford

Export boost urged on Argentina

By Ken Warn
in Buenos Aires

Argentina's economic development is being jeopardised by a lack of export policies, a Harvard economist has warned local bankers.

Mr Jeffrey Sachs, best known for his work advising governments in Latin America and Eastern Europe, welcomed the country's recent economic performance, but said progress was not sustainable without a higher rate of export growth.

"Where is the long-term export growth going to come from?" he asked in a speech to the Argentine bankers association this week. "If I were an official in a country so dependent on foreign capital, I would be worrying night and day about this."

Argentina was still one of the most closed economies in the world, Mr Sachs said.

Exports as a percentage of gross domestic product were only 9 per cent, the second-lowest among major countries. Only Brazil was lower.

"Argentina says it is doing fine by exporting to Brazil. Brazil says it is doing fine exporting to Argentina, but when Mercosur going to start exporting to the rest of the world?" he asked.

Argentina's exports grew 14 per cent last year to

\$23.8bn, and are forecast to grow 10 per cent or more this year. Last year a third of exports went to Mercosur, the customs union that groups Argentina, Brazil, Paraguay and Uruguay, with Bolivia and Chile as associates.

The rise in exports was based in traditional and primary sectors such as agriculture and energy, Mr Sachs said. The country had to diversify, and the government and the private sector had to work together to improve infrastructure and the education system.

"Ideas and science and high technology" must be at the core of future export efforts.

Pointing to weaknesses in Argentina's institutions, Mr Sachs said export-led growth also required the rule of law, with low levels of corruption and an independent judiciary.

Argentina's privatisation policies had been "smart and successful," and there had been a lot of progress in fiscal policy. "Fiscal policy is less in crisis here than in many other parts of the world," especially western Europe, he said.

But two other initiatives were extremely important for rapid growth - labour flexibility and tax reform. But reform efforts had become highly politicised and apparently stalemated, he said.

AMERICAS NEWS DIGEST

US phone law faces challenge

SBC Communications has filed a federal lawsuit seeking to overturn provisions in a new telecommunications law restricting the local telecoms operators, or Baby Bells, from entering long-distance telephone markets, a company lawyer said.

SBC also planned yesterday to appeal against last week's Federal Communications Commission ruling blocking the company from offering a long-distance service in Oklahoma, one of seven states where it operates local calling networks.

In the lawsuit, filed in Texas, SBC challenged sections of the Federal Telecommunications Act restricting the regional Baby Bells from offering long-distance calling and other services. The company said it was not challenging sections of the landmark law that ended monopoly control of local calling markets, opened the markets to rivals and required the Baby Bells to resell services.

Reuters, San Antonio

La Paz in water sell-off

The outgoing Bolivian government of President Gonzalo Sanchez de Lozada has privatised Samapa, the water and sewerage company serving the capital La Paz and its satellite city, El Alto, despite considerable political opposition.

The 30-year concession was won by a consortium dominated by Lyonnaise des Eaux de France, and a subsidiary of Argentina's Comercial del Plata. The new operators will have to invest a minimum of \$360m in upgrading the utility.

The even more controversial privatisation of Semapa, the water company for Cochabamba, is still scheduled to go ahead early next month. President Sanchez de Lozada says the privatisation has to go ahead before the World Bank will relieve some of the country's debt. But Bolivia's Supreme Court is upholding an action brought by the local authorities of Cochabamba, seeking to block the sale.

Sally Bowen, Lima

Venezuela bolivar edges down

The Venezuelan currency, the bolivar, will continue a gradual depreciation this year, though in the medium term it is still set to appreciate in real, or inflation-adjusted, terms, the central bank chief said this week.

Mr Antonio Casas said the currency was likely to slip from Bs486 to about Bs500 to the dollar by the end of the year. Mr Casas also said the government's currency forecast of Bs534 to the dollar for next year's budget was "reasonable".

The central bank's foreign exchange policy foresees an average 1.3 per cent depreciation per month but a large inflow of foreign capital, largely to the petroleum sector, prevented the bolivar from depreciating more than 3.1 per cent in the past 12 months, despite accumulated inflation of 42.1 per cent over the same period.

Ray Collitt, Caracas

Canadian troops criticised

A commission of inquiry has sharply criticised the conduct of Canadian troops attached to the UN peacekeeping mission to Somalia in 1993, and accused the armed forces of flagrantly covering up their misdeeds.

The "Somalia affair", which had its origins in the death by torture of one Somali civilian and the killing of another, has already led to a shake-up in the Canadian military. The defence minister and the chief of defence staff resigned last year.

According to the report, a crack paratroop regiment assigned to the UN mission was unsuited and ill-trained for peacekeeping duties. The commissioners questioned the suitability of the present acting chief of defence staff, Vice-admiral Larry Murray, for the top job in the armed forces. They accused him of "near-contemptuous behaviour" on the witness stand. But the present defence minister, Mr Arthur Eggleton, described the report as "excessively critical" and said "the time for pointing fingers is past".

The commission's relations with the government and the military have been strained for some time. The commissioners were incensed earlier this year when the defence minister ordered them to deliver their report by June 30, even though they had not delved into several important aspects of the controversial mission.

Bernard Simon, Toronto

NYSE may act to ease company exit rule

By John Authers
in New York

The New York Stock Exchange is considering a change to its controversial "Rule 500", which makes it difficult for member companies to leave once they have been listed.

Any such move by the "Big Board", comfortably the world's largest stock market, would be a reaction to the growing competition it faces within the US, particularly from the Nasdaq stock market run by the National Association of Securities Dealers.

Several of the largest high-technology companies, including Microsoft and Intel, the world's largest software and semiconductor companies respectively, have opted to stay with Nasdaq, and did not follow the custom of transferring to the Big Board as soon as they had qualified to do so.

Revisions to the rule, which was introduced in 1939, are more likely than a wholesale repeal.

At present it says any company delisting must gain a two-thirds majority for doing so in a vote of shareholders, with no more than 10 per cent objecting. This means a company could need a 90 per cent vote in favour before leaving the stock exchange, making it virtually impossible for Nasdaq or other competitors to lure companies away.

The exchange said the rule was now acting as a barrier to recruitment. Companies newly eligible for membership find themselves "confronted with a rule which says once they do it they can't change back," a senior official said.

"We haven't heard many complaints from existing members. But some companies simply see it as a deterrent to listing in the first place. If it's a deterrent we want to improve our competitive position," he said.

The exchange still dominates US listings of foreign companies, with about 97 per cent of those which are qualified choosing it.

The committee which advises the exchange's board has been asked to draw up a proposed change to the rule. It is expected to present a proposal - likely to involve a significant reduction to the threshold companies must meet in a shareholder vote - to the main board by the end of this year.

how to spend it

WEEKEND FT



How did Edwina Currie learn the art of living - and lunching - in the Loire Valley? Why are consumers getting trampled in the battle of the big brand sports shoe? What dark secrets lurk behind designer sunglasses? And why does it take a second car to reach the inner man?

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مكتبة الأصيل

NEWS: ASIA-PACIFIC

Thai market surge continues after floating of baht

By William Barnes
in Bangkok

The Bangkok stock market surged ahead strongly for the second day running yesterday, following the Thai authorities' surprise decision to free the baht in a managed float on Wednesday.

Foreign fund managers, especially those based in the US, have again sent many blue-chip stocks to their upper trading limit, as investors continued to assume the *de facto* devaluation would have mostly favourable consequences.

Mr Chavalit Yongchaiyudh, the prime minister, said: "The capital is flowing in now... the baht is about where we expected it could be. I am satisfied."

But some bankers and economists who have talked to Bank of Thailand officials are concerned that there appears to be no concrete plan of action for the rest of the year. "My impression is that [central bank] officials

have written off economic growth this year - which is realistic. But I do get nervous when I don't hear what they propose to do next," said one regional economist.

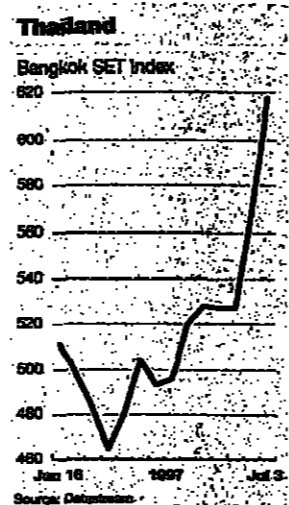
The Stock Exchange of Thailand index climbed 8.6 per cent to 617.98, a rise of 16 per cent in two days, following two months in which share prices have been at their lowest for eight years.

The Bank of Thailand's two-point defensive increase in its lending rate to 12.5 per cent, and the International Monetary Fund's promise to provide technical assistance in managing the currency, helped steady currency market nerves.

The currency was at B23.45 to the dollar in the protected domestic market at the close in Asia, down 2.5 per cent after losing more than 17 per cent of its value on Wednesday. The offshore rate was B29.4.

Many traders seemed uncertain about the direction of Thai interest rates

over the next few months. It remains unclear how the Bank of Thailand proposes to go about managing the currency or what target rate it has identified. The first central bank reference rate,



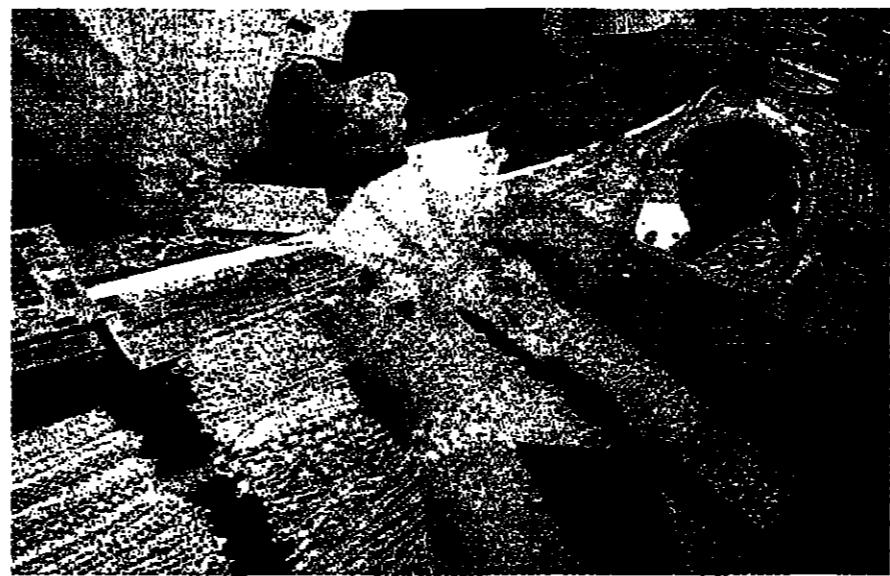
Right: A Bangkok gold shop - many people are buying gold to protect savings

derived from a weighted average of exchange rates, was published yesterday at B27.383 to the dollar, but the market did not appear to take much notice of what appears destined to become

a benchmark for Thai-based accountants. Many currency experts remain puzzled why the authorities, having vigorously and expensively defended the baht for several

months, chose this week to let it go. "I have never heard of a war where you win three battles and then surrender," said one treasury manager.

The Bank of Thailand



appeared to lose faith in its ability to defend the baht when it realised that even the local financial community was convinced it would be forced to devalue.

"The suspicion is that the Bank of Thailand was fairly recently converted to the idea that it could no longer defend the baht - that raises the question of whether they and the government know what they are going to do next," said one Thai economist who sometimes advises the government.

"Thai governments and the central bank have spent too much time sitting on their hands in recent years. It would be very dangerous for them to continue with this non-policy," said Mr Ammar Siamwala, an economist with the Thailand Development and Research Institute.

Analysts are afraid that increased interest rates could wreak havoc in the corporate sector if the authorities do not get a grip

on the situation. Asia Equity stockbrokers have calculated that if the currency falls by 20 per cent that alone will be enough to wipe out all non-bank corporate profits this year.

"If nothing is done, then in six months the oxygen tank could be used up and we'll be in a worse situation than we were before," said Mr Kenneth Courtis, chief economist for Deutsche Bank Group Asia Pacific.

However, Mr Sataporn Jitachitra, first vice-president of the Siam Commercial Bank, warned against becoming gloomy about events that will probably not happen: "Walk around Bangkok. Does it look like a city in crisis? No - people are still putting up new buildings, for heaven's sake, and planning new projects. Things may get a little tough but there is an underlying strength here that will see us through." Currencies, Page 35; World Stock Markets, Page 46

Petrochemical plans shelved

By William Barnes

Thailand's ambitions in the petrochemicals industry received a severe setback yesterday when three groups admitted that they had shelved projects to build ethylene plants this decade.

The surprise flotation of the baht has finally pushed the companies into admitting that the weak state of the Thai economy has stymied their expansion plans, according to an analyst.

"It was inevitable that something would have to give - I think the flotation of the baht was the trigger," said a petrochemicals analyst at ING Barings in Bangkok. Looming overcapacity in the petrochemicals industry also made the expansion untenable, he said.

The former currency regime that kept the baht stable against the dollar since the mid-1980s has been blamed for encouraging industrialists to borrow cheap foreign funds to put into what looked like marginal investments - such as many petrochemicals plants. Loans will now be more realistically priced.

The National Petrochemical Corporation, the Thai Petrochemical Industry and a group controlled by the

Bangkok Bank all said their plans were no longer feasible in the current environment.

In another reflection of Bangkok's new mood of realism, a Bank of Thailand official said the Development Bank of Singapore was poised to take a 60 per cent stake in Sri Dham Finance & Securities, one of 16 finance companies told last Friday by the central bank to seek mergers with stronger rivals or face closure.

This is the second takeover of a local finance house since rules limiting foreign ownership to 25 per cent were lifted recently in the hope of finding rescuers for troubled lenders.

The 11 international and seven local companies that won - after fierce competition - the right to become independent power producers (IPPs) in Thailand are seeking to renegotiate the terms of their contracts. "We fought for the IPP contracts with bids that two years ago assumed the baht would be very stable," said a US energy company. "But our margins are much too thin to have to buy expensive power equipment in foreign currency in exchange for baht earnings from the Electricity Generating Authority of Thailand."

Japanese keep nervous watch on a big market

By Michiyo Nakamoto
in Tokyo

Japanese companies are keeping a nervous watch on currency developments in Thailand, a country that has become a significant production base and market for their products.

Japanese companies have been some of the largest investors in Thailand. Last year they invested ¥158bn (\$1.4bn) in the country, an increase of 32 per cent over the previous year, according to Ministry of Finance statistics.

But the actual level of investment is much higher, because of additional invest-

ments by the local subsidiaries of Japanese companies, notes the Japan External Trade Organisation.

The value of those investments is believed to be almost as high as that of direct investments, said Mr Joji Ikeshita at Jetro.

Many Japanese companies are concerned about the difficulty they will face in setting long-term plans as a result of the baht's float. Jetro's on-the-ground research has found that "Japanese companies that invested in Thailand did so mainly because the currency was stable", pointed out Mr Ikeshita, "so the basis for their

decision has collapsed."

Recent Japanese investment has focused on local production to target the local market. Japanese vehicle makers have been particularly active in building up production and sales in Thailand.

While exports will benefit by the improved competitiveness of products made in Thailand, sales in Thailand will suffer from the higher costs brought on by the weaker baht.

"If we see the current situation panicking out, we can expect to see some currency-related losses," said Mr Christopher Redl, car industry analyst

at ING Barings in Tokyo.

Suzuki Motor, which depends on the Thai market for about 12 per cent of its global motorcycle sales, said: "The floating of the baht is a negative factor. We had been expecting the market to fall from 1.2m units in 1996 to about 1m units this year but things might get even worse."

The baht's fall has come just as Japanese car makers have been boosting their production in the region. Toyota, which has a 27.8 per cent share of the Thai market, is aiming to increase production of the Soluna, its Asian car made in Thailand, from 40,000 this

year to 60,000 in 2000.

Honda, which also makes its Asian car, the City, in Thailand, raised production by 71 per cent to 44,523 units and plans to increase production by another 6 per cent this year to 47,000 units.

Although Japanese motor companies have achieved relatively high local content rates, they still import key parts which are difficult to make and expensive, from Japan. A sharply depreciated baht will push up the cost of manufacturing in Thailand and reduce the value of the profits they make in the Thai market.

Honda, for example, has a local content ratio of 70 per

cent for its recently launched Asian car, the City. Nevertheless, even in the US, where Honda has a local content ratio of 81 per cent, a Y5 depreciation of the dollar against the yen has a 14 per cent impact on operating profits, assuming prices remaining the same, noted Mr Redl.

Japanese electronics makers and others which set up production in Thailand are also likely to be affected by the baht's plunge, although for large companies such as Matsushita, the Thai market is still a very small part of their overall business. Japanese buy more car parts from abroad, Page 4

Philippines rejects claims that peso is overvalued

By Justin Marozzi in Manila

The Philippine central bank yesterday rejected calls to devalue the peso and pledged to maintain a market-determined exchange rate, amid pressure caused by the collapse of the Thai baht.

In the past few weeks a number of analysts in Manila have suggested the peso is overvalued, but the central bank has maintained there is no pressure to boost competitiveness because the country is already bucking

the trend of declining south-east Asian exports.

"We have gone through these routes and other artificial exchange rate fixing experiments before, with invariably disappointing results and failed expectations," said Mr Gabriel Singson, governor of the central bank. "But we also make a clear distinction between a market that supplies the normal requirements of commerce and a market merely driven by fear, greed and speculation."

On Wednesday, the central

bank raised the key overnight interest rate from 15 to 20 per cent and again to 24 per cent to ward off heavy speculative pressure.

According to Mr Angus Armstrong, chief Asian economist at Deutsche Morgan Grenfell in Singapore, that move "shows the extent of investors' concerns. While we expect the peso to survive, this will be at considerable cost to the economy: interest rate and exchange rate policy are becoming too restrictive."

The bank governor has

said rates will be kept high while the turbulence in the foreign exchange markets caused by the baht move remains. Interest rates had been on a downward trend before Thailand floated its currency.

The peso depreciated slightly again yesterday in lighter volume. One analyst said the central bank would probably allow the currency to fall gradually over the year but on its own terms. He was projecting as much as a 10 per cent devaluation in the next six months.

Following a steep decline on Wednesday, the Manila stock market lost 22.47 more points yesterday, as unease over the spillover effect from Thailand continued to unsettle investors.

Malaysia's acting prime minister, Mr Anwar Ibrahim, said in his first reaction to the currency crisis his country would do whatever was necessary to help the Bangkok government. Asif Huda writes from Kuala Lumpur.

"We have confidence in the Thai economy and we feel that they are doing their

best to manage their economy," he said.

Analysts said yesterday that the ringgit might have been exposed to strong downward pressures after the baht was floated had it not been for the intervention of the Malaysian central bank, Bank Negara.

They said that although a lower baht meant trade with Thailand would be cheaper, Malaysia, as a neighbouring country, would want a stable baht, especially now that Asian countries are forging the Asean Trade Area.

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ASIA-PACIFIC NEWS DIGEST

Australia in big gold sale

Australia's central bank said early today it had sold 187 tonnes of gold - more than two-thirds of its holdings - because it saw no benefit from a gold-rich country holding significant official reserves.

The Reserve Bank of Australia, the latest in a number of central banks to sell gold in recent years, made the sales over the past six months. It said, but no further sales were planned.

At current prices, the gold was worth some US\$1.8bn. News of the sale came with gold bullion trading at near four-year lows on international markets - caused in part by market nervousness over central bank sales.

"The Australian sales programme followed a review by the bank of the costs and benefits of holding a significant part of international reserves in the form of gold," the RBA said.

It said its board had concluded that although some gold was worth holding as a contingency, it no longer needed to have 20 per cent of its overall international reserves in the metal.

Commodities, Page 33

Strike paralyses Bangladesh

More than 5,000 police and paramilitary troops took to the streets of Dhaka to prevent violence as an opposition-led strike virtually paralysed the country yesterday, police and government officials said.

The strike shut Bangladesh's foreign exchange market and suspended trading on the Dhaka and Chittagong stock exchanges. The strikers halted all road transportation except for rickshaws.

The police said more than 100 people were injured in pre-strike violence on Wednesday when activists of the main opposition Bangladesh Nationalist party (BNP) of the former prime minister, Begum Khaleda Zia, clashed with supporters of the ruling Awami League in Narayanganj near Dhaka and in southern Barisal town.

The BNP called the work stoppage to protest against what it calls an "anti-people" budget passed by parliament on Monday.

The BNP had sought the withdrawal of a 2.5 per cent infrastructure development tax on imports and some locally produced goods and services, proposed in the budget last month.

Reuters, Dhaka

Oil spill over-estimated

Initial estimates of the amount of oil that leaked into Tokyo Bay this week were over-stated by a factor of 10, Japanese officials said yesterday.

Only 9,430 barrels of crude oil escaped from a grounded tanker on Wednesday, rather than 94,300, which would have made the accident the worst ever oil spill in Japanese waters. Oil flowed from the two damaged holds into ballast tanks, accounting for the discrepancy, the Maritime Safety Agency said.

Clean-up operations, involving more than 300 ships, continued as the slick expanded to cover an area 15km by 15km, and oil started to wash ashore at Yokohama and Kawasaki.

Bethan Hutton, Tokyo

Asian fund managers welcome Thai flotation

By Louise Lucas
in Hong Kong

Asian fund managers yesterday welcomed the flotation of the Thai baht, saying it was a positive first step as it gave the authorities a chance to cut interest rates. However, many had no plans to increase their Thai weightings.

HSBC Asset Management, which now has just over 4 per cent of its Asian portfolio in Thailand, is partly deterred by the massive premium now attached to stock for foreigners.

Mr Graham Muirhead, director of Asian equities, said: "The stock market has gone up substantially: a lot of stocks have doubled over the last two weeks. We are not prepared to chase them, given how much the foreign stock has gone up, although we did some buying a couple of weeks ago when prices were lower."

At its peak, at the beginning of 1995, HSBC Asset Management had 17.18 per cent of its Asian portfolio in Thailand.

Mr Gary Greenberg, chief investment officer at Peregrine Asset Management, said: "We see it as positive."

He said Hong Kong was watching the developments in Thailand with great interest. "As far as the Hong Kong dollar is concerned it is rock solid. The Hong Kong government has not been in the market. The Hong Kong dollar is still trading on the strong side of the link."

The currency has been pegged to the US dollar at a rate of around HK\$7.8 since October 1983.

John Riddings adds: Hong Kong's stock market opened its first day of trading under Chinese sovereignty with a sharp climb followed by a sobering fall, to close the day down just under 1 per cent at 15,055.74.

Monetary conditions in NZ too easy, bank chief warns

By Terry Hall in Wellington

Mr Don Brash, New Zealand Reserve Bank governor, yesterday warned nervous financial markets that monetary conditions had become much too easy, prompting some rises in short term rates.

His warning, rare in this country, came less than a week after his six-monthly economic statement said the bank would tolerate some easing in monetary policy in line with signs of a rapidly slowing economy and expectations that inflation would remain at around 1 per cent for two years.

This prompted the New Zealand dollar to fall to its lowest level for 12 months

and short-term interest rates to continue the drop which began earlier this year. Yesterday morning before the Brash statement the 90-day rate was trading below 7 per cent - a drop of around three points since late last year.

After the Brash statement the rate rose to 7.15 per cent, although there was little upward movement in the currency.

It is widely doubted if this move will be sufficient to placate Mr Brash, as monetary policy still seems to be too lax, judging from latest readings on the new Monetary Policy Index, which the bank launched last week to guide markets as to how tight conditions should be.

The index measures a mixture of the New Zealand dollar's trade weighted index (the TWI) and the 90-day bill rate.

Last Friday Mr Brash warned markets that he wanted monetary conditions to settle in a band of either 50 points above or 50 points below a new Monetary Policy Index reading of 825. His statement came when the index fell to 751.

Last night the index was reading 781, a figure that remained outside the bank's target, however.

There were some fears that he would respond by acting against the markets, perhaps by raising daily cash targets in the finance sector.

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NEWS: THE UK BUDGET

Chancellor orders extensive review by Inland Revenue

'Catch-all' tax avoidance law planned

By Jim Kelly, Accountancy Correspondent

Mr Gordon Brown, the chancellor of the exchequer, has asked the Inland Revenue to consider a "catch-all" law against tax avoidance. In his Budget speech on Wednesday he ordered a wide-ranging review of tax avoidance by the Revenue adding: "I have specifically asked them to consider a general anti-avoidance rule."

Most tax experts think such sweeping powers - which have been discussed for many years - give too much power to tax officials and often fail when tested in the courts.

But most governments judge they have a significant deterrent effect in making companies wary of sophisticated tax planning schemes devised by accountants and other tax experts.

So-called "catch-all" rules mean transactions must be looked at in terms of substance - not legal form. If it is designed to avoid tax, rather than for a proper commercial reason, then it should be ruled out.

The UK's system, in contrast, is based on a large body of specific laws often aimed at narrowly defined abuses - although they are increasingly broadly interpreted by the courts.

"Catch-all laws do have a deterrent and compliance effect but they introduce uncertainty, which is not good," said Mrs Joy Svastisalee, of accountants KPMG. Switzerland, like most countries with such a provision, relies on the "substance over form" principle which is part of its constitution of 1847. "The law has certainly been used," said Mrs Svastisalee. In one case, a Swiss parent com-

pany had to pay tax on interest from loans made by a subsidiary in a tax haven - because it guaranteed the loans.

Canada has a general anti-avoidance rule which was enacted in 1988. Mrs Svastisalee said that, like many such laws, it had led to little actual litigation.

Mr Peter Wyman, head of tax at Coopers & Lybrand, agreed, saying: "Courts have been very reluctant to apply it in Australia and New Zealand as the laws are so widely drawn."

In contrast, federal US legislation designed to block so-called "step transaction", where the commercial reality of a deal is obscured by intermediate stages, had been successful. "That's relatively effective - but it does not apply to a huge number of artificial avoidance schemes," said Mr Wyman.

The government's ending of an exemption on the taxation of dividends from shares held for trading purposes was presented in the Budget programme as being part of a clampdown on tax avoidance. It is likely to create changes in the share trading businesses of all integrated investment banks in the City of London.

The Inland Revenue presented the change as an attempt to clamp down on some tax arbitrage business, under which large investment banks have financed the purchase of tax-free equities by using tax-deductible borrowings.

However, tax experts said they believed the changes would have much wider implications. They said they expected most investment banks, particularly those with marketmaking operations, to be heavily affected.

Estimated cost to privatised utilities of the windfall tax

	Initial value (£m)	Implied market value (£m)	Estimated tax (£m)		Initial value (£m)	Implied market value (£m)	Estimated tax (£m)
Regional Electricity Companies				Water Companies			
East Midlands	829	941	96	Anglian	707	7,261	132
London	829	1,133	140	North West	254	3,452	229
Mersey	285	707	97	Northumbria	157	322	79
Midlands	523	1,088	134	South West	203	2,279	315
Northern	225	810	118	Southern	393	746	104
Norweb	414	1,080	155	Thames	822	1,825	231
Seaboard	306	783	110	Welsh	345	1,753	182
South Wales	244	634	90	Wessex	245	677	96
South Western	225	777	97	Yorkshire	472	1,081	140
Southern	648	1,387	165				
The Energy Group	648	1,333	112				
Yorkshire	498	1,082	134				
Generators				Other Utilities			
National Power	2,231	4,122	281	Hydro	25	25	415
PowerGen	1,357	2,635	203	Scottish Power	25	25	316
British Energy	25	25	0				
Others				Others			
Scottish Power Core	1,556	2,257	92	BT	7,800	12,449	579
Hydro-Electric	820	1,114	44	BAA	1,225	1,404	62
Northern Ireland	362	523	44	Railtrack	1,500	2,628	158
				British Gas	25	25	815
				Cornwall	25	25	590

Sources: HSBC, James Capel and company estimates

Several privatised utilities yesterday criticised the formula used to calculate the windfall tax, which they claimed penalised success and rewarded failure. But it was increasingly clear that the distribution of the tax had reduced the risk of legal challenges. Shares of almost all the utilities rose in London.

Banks assess sudden exemption switch

By George Graham, Banking Correspondent

London investment banks were scrambling yesterday to work out the impact of the government's sudden decision to end their tax exemption on dividends from shares held for trading.

Some banks stand to lose millions of pounds on equity derivative contracts they have sold to investors because the change in the

tax treatment has thrown out their calculations on the correct pricing. But most said they could not work out the exact effect on their own positions until they saw the details of the legislation, which will not be published until next week.

Traders said Union Bank of Switzerland and BZW, the investment banking arm of Barclays, were likely to be among those worst affected. Mr Remy Goldstein, global

head of equity derivatives at UBS, said he was not able to say definitively what the impact would be. "Our quick back-of-the-envelope estimate is that the impact is not expected to be material, and in any event is going to be well covered by existing reserves," he said.

NatWest Markets, the embattled investment banking arm of National Westminster Bank, said it did not believe the change would

have any material impact on its results. Under the new rules, dividends on shares held as trading assets will be taxed as trading income, instead of exempted from tax on the basis that tax had already been paid by the company which issued the shares.

The change means that for every £1 of dividend income an equity dealer used to receive, it will now get only 69 pence after paying corpo-

ration tax. It will particularly affect investment banks which have written long equity derivative contracts.

The change could affect UK and non-UK share dealers differently, and some non-UK banks could gain.

Accountants criticised the suddenness with which the Inland Revenue introduced the change.

Traded options, Page 42

Many industry chiefs praise measures

By Peter Marsh in London

Most leaders of big businesses welcomed the Budget for the boost it would give to investment and training, but some expressed "regrets" over the reduction of tax credits on dividends, which threatens to increase the costs of financing pensions.

Sir Ronald Hampel, chairman of Imperial Chemical Industries, was encouraged by the "emphasis on the long-term needs of the economy in terms of stability, investment and the development of skills". But he was worried that the Budget might not do enough to slow the consumer side of the economy and reduce the strength of sterling.

Sir Ross Buckland, chief executive of Unigate, the foods group, said: "This is not a bad Budget for business, with the exception of the changes in tax credits, which will, for many companies, outweigh the effects of the reduction in corporation tax. I am 100 per cent behind the extra money for education."

Mr Peter Ellwood, chief executive of Lloyds-TSB bank, said: "This is a strong Budget for good economic growth and long-term investment."

Praise also came from Sir Anthony Bamford, chairman of the JCB construction equipment company. The Budget would be "good for JCB and for most people in manufacturing because it will release more funds for investment."

Lord Paul, chairman of Caparo, the engineering company, went further, hailing a "visionary" Budget. "Here we have a chancellor who is trustworthy and delivered what he promised. This is what impressed me

most. The stability Mr Brown wants to introduce will be good for industry."

Almost as lavish in his praise was Mr Christopher Haskins, chairman of Northern Foods, who said: "It is a remarkable first Budget for Mr Brown - very shrewd and full of common sense. The elimination of tax credits on dividends removes a big economic distortion, even though the pension funds will sequal."

Mr Martin Taylor, chief executive of Barclays Bank, said the overall tone of the Budget was "positive". Mr Colin Parsons, chairman of Taylor Woodrow, the construction company, said: "From a business perspective we broadly welcome the chancellor's proposals in what we regard as a responsible Budget."

Sir David Lees, chairman of GKN, the engineering company, said: "The deficit reduction programme is a good one. Long-term financial stability is important."

"I welcome the cut in corporation tax, which comes as a surprise. But I have considerable reservations about the changes to tax on dividend payments."

Mr Victor Rice, chief executive of LucasVarity, the automotive parts group, was one of a minority of business leaders who had a good word for the abolition of tax credits on dividends.

He said this should "help to level the playing field for global companies like ourselves who wish to reward our shareholders through a mixture of dividend payments and share buy-backs."

Philip Stephens, Page 16

MANAGEMENT

It is essential to spend time on the ground if businesses are to crack the emerging markets, reports Jeremy Grant

Dudley Bates, chief representative of Guardian Insurance in Vietnam, has what the company's personnel folk like to call a "grey-haired posting".

This is a compliment. When the company was deciding what sort of person would be best to open its first office there, his age, 53, was what counted. In Vietnam, like other Confucian-influenced countries in Asia, age commands respect. And that, Guardian believed, would give Bates a head start in wooing bureaucrats and winning business.

"The objective was to bring gravitas, to indicate respect to the ministry of finance," he says. His office is decorated with two framed photographs: one of the UK monarch and one of "Uncle Ho", Vietnam's former president, with his trademark grey goatee.

Bates's appointment indicates the importance the company attached to the posting. However, in common with many other investors, Guardian has found Vietnam a tough market. The problems include a tangled legal system, confused and inefficient bureaucracy, corruption and a weak banking system. Nor has decades of Communist rule helped to instil a sense of commercialism.

Guardian expected to be operating a life insurance joint venture with a local partner by the end of last year. But that is

Vietnam veterans

unlikely for another two to three years, Bates says, because Hanoi is dawdling over how far to open up to foreign insurers.

The company is reviewing its staffing needs, as are scores of other investors whose business expectations have not been met. Among those to have recalled or reassigned country heads are Polaroid, the camera maker, UK construction companies John Laing and the Kier Group, Barclays bank and Chrysler, the US vehicle manufacturer.

Did investors misjudge Vietnam's potential, and if so, how can they avoid making the same mistake with other emerging markets? And what lessons are there for companies looking at staffing needs for such markets?

Arno Tomowski was until recently resident representative in Hanoi for Krupp, the German industrial conglomerate. Business did not progress as expected since he arrived in 1995, and he now handles Vietnam from Jakarta. He says too many investors were affected by the hype on

Vietnam as the region's next "Asian tiger", rather than solid analysis of potential. "After six months here I got the impression that many foreigners had a more emotional reaction than a rational assessment."

He draws a parallel with the former east Germany. West German companies piled into the formerly Communist east when the Berlin wall fell in 1990; when they realised the economy was in far worse shape than first thought, it was too late.

Companies need to spend more time on the ground getting to know the Vietnamese business environment, according to Volker Miss, chief representative for Allianz, the German insurer. "One of the main mistakes people make is basing their decision to open a business in Vietnam on a number of short visits. It takes much more than that to learn about business in this country."

The art of getting to know the local environment has been particularly well applied by the Japanese trading houses, such as



For many investors in Hanoi business expectations have not been met

Sarah Murray

Mitsubishi, Tomen Corp, Mitsu and Nichimen. Their approach to emerging markets is to establish a low-key presence early on, spending the first year or so gathering information and networking. That has started to pay dividends in Vietnam. The past 12 months have seen the trading houses spring into action, snapping up lucrative contracts in infrastructure and trading.

Another problem is that companies are inherently ill-disposed to bad news about their chosen

prospects. Says Miss: "Once they make a commitment to an area like southeast Asia, they announce it in the media, they tell their shareholders. That makes it difficult for them to back down if certain marketplaces do not live up to expectations."

That attitude is often fed by country representatives themselves. In Vietnam, many admit privately that the outlook for their businesses is bleak. But few dare to report back candidly to headquarters.

"You don't want to give negative news. Otherwise people are going to ask 'is he the right person for the job?'" says one western executive.

The effect is that headquarters receives a distorted picture, fueling unrealistic expectations, says Miss. "The western business culture is still not open enough to look at negative news or failures as part of the learning process. We [westerners] want results and we want them fast." Given the constraints, picking

the right people for emerging markets positions is clearly difficult. In Vietnam, much has been learned only through hindsight.

Bates believes companies should think twice about sending in senior staff, he emphasises a lack of recreational facilities for senior executives and their families, and the strain of waiting for things to turn good. "There is not much that a person of my years can do [here]. To get through the frustrating parts, you have got to know it is good for your career."

The obvious alternative would be to choose younger executives, more able to weather the hardships and keen to gain exposure in their organisations. "A lot of people come here to make a name for themselves. I am part of a career push," says Rachel Edmond of Inter-Loat, a Hanoi-based recruitment consultancy.

The choice will largely depend on whether companies take a long- or short-term view in Vietnam, where many companies have switched their focus from making money to containing costs, some say there is an argument for fielding mature staff with a nose for drumming up business in tricky environments.

Says Tony Foster, chief representative for Freshfields, the London-based law firm: "If you are doing it as a cost exercise, sending in a young executive may make sense, but if you're trying to make money it may be a false economy."

Privatise first; restructure later. That is the lesson from a study by the World Bank of state-owned industries in central and eastern Europe.

The analysis of financial and operating data for more than 6,000 industrial companies in seven countries - Bulgaria, the Czech Republic, Slovakia and Poland, Romania, Slovenia - is claimed to be the most comprehensive study of industrial restructuring in the region.

Privatised companies have increased productivity three to five times more than similar state-owned enterprises, it finds. In spite of "the common desire" among many company managers first to restructure and then to privatise, the report says that it is privatisation that has been "instrumental in bringing about restructuring," and has been an important factor in restoring economic growth.

Controversially, given the growing concerns about issues of

Europe's privatisation fast track

The process has driven restructuring in central and eastern states, says Kevin Done

corporate governance in the region, the World Bank concludes that the method of privatisation is less important than the speed.

Initially it was widely believed that mass privatisation and management/employee buy-outs would not lead to much restructuring, says the study. But the research shows that there are "no observable differences" in the effectiveness of alternative privatisation techniques.

"Massive giveaways of firms through voucher privatisation or management buy-outs have led to similar results as case-by-case sales to foreign or domestic investors."

The authors accept that case-by-case privatisation might result in more foreign ownership, investment and technical

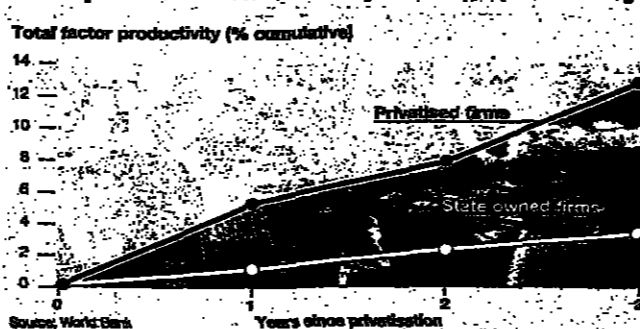
assistance, but they claim that it is slower to implement and does not necessarily bring more rapid restructuring.

"Foreign investment and other forms of technology acquisition are better undertaken by the new private owners rather than privatisation agencies and bureaucrats."

The study says that productivity growth has been slightly higher in the Czech Republic and Slovakia, which implemented mass privatisation programmes, than in Hungary and Poland, which relied more on case-by-case privatisation.

The results were similar for profitability, with the Czech Republic having the highest percentage of profitable companies and the lowest percentage of financially

How privatisation has improved productivity



Source: World Bank

distressed concerns. In countries where there has previously been little privatisation, most importantly Bulgaria and Romania, productivity has stagnated and

newly emerging companies have had only limited success in breaking into the market, says the World Bank report. In both countries programmes for accelerated privatisation have

been put in place this year. However, as newly-elected governments seek to cope with the deep economic woes inherited from their predecessors, in particular in Romania the centre-right government led by Victor Ciorbea, prime minister, has committed itself to a far-reaching programme of privatisation or liquidation of state-owned enterprises, backed by fresh funding from both the International Monetary Fund and the World Bank.

Overall, on all measures including operating profitability, productivity growth, export growth and investment per worker, companies in Hungary, the Czech Republic and Slovakia were ahead of enterprises in the other four countries. The concentration of

ownership post privatisation found by the study to be significant. The speed of transforming state-owned companies into productive, privatised enterprises is

"considerably higher" for companies where the majority of shares are concentrated in the hands of a few institutional or strategic investors.

"The solvency and stability of the banking sector was also found to be highly influenced by the privatisation of industrial and commercial companies. Privatised companies have improved their profitability more rapidly than expected, says the study which, in turn, has led to rapid improvements in the loan portfolios of banks.

*Privatisation and Restructuring in Central and Eastern Europe. World Bank technical paper No 385, by Gerhard Pohl, Robert Anderson, Stijn Claessens and Simion Djankov. Available from World Bank, 1818 H Street, Washington D.C. 20433, USA.

FINANCIAL TIMES SURVEY

Leeds

The horizon is dotted with cranes building commercial centres and there are signs of inner city regeneration. Ian Hamilton Fazey reports

Services drive new projects

If tower cranes on the skyline are a rough and ready measure of the health of a city, then Leeds has been getting ever healthier these past 10 years. Even during recession, relocation of government departments kept large-scale construction going. Today, Leeds' astonishing success in developing as a powerful supplier of financial and professional services is driving yet more new building.

The visitor leaving the central railway station emerges into a square dominated by Norwich Union's £20m, wholly speculative, 12-storey modern office block - No.1 City Square - now nearing completion. It is the largest office project ever undertaken in Leeds.

Ten years ago, about 300 metres to the south, the city centre used to end at the Hilton Hotel. The nearby River Aire and Leeds-Liverpool Canal basin were lined with unsightly dereliction. Today, KPMG's office block stands sentinel on the bridge over the Aire, almost opposite the Hilton. Dead opposite, between the Hilton and the canal basin, Pringle Insurance is building a large call centre.

Another new building near completion on the riverside will house Addleshaw Booth, formed this year by the merger of Manchester's largest law firm with Booth & Co, one of Leeds' finest. A little way downriver, derelict redbrick warehouses have been reclaimed for apartments, and as 42 The Calls - a luxury hotel. There are other offices and a couple of first-class restaurants - Lend's and Pool Court at 42. These restaurants now have a competitor on the south quay of the canal basin in Rascasse, where staff have their fingers crossed for a Michelin rating. The new restaurant is proving an important part of the infrastructure for a cluster of other new and

reclaimed buildings occupied by, among others, BWD Rensburg Investment Management, Allied Dunbar, Halifax Direct - a new telephone bank - and an insurance broker.

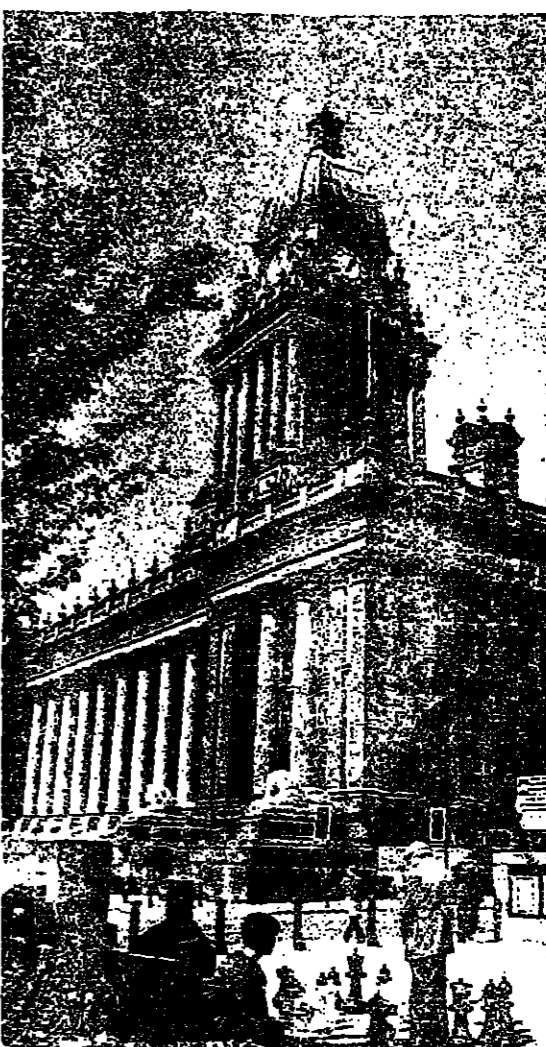
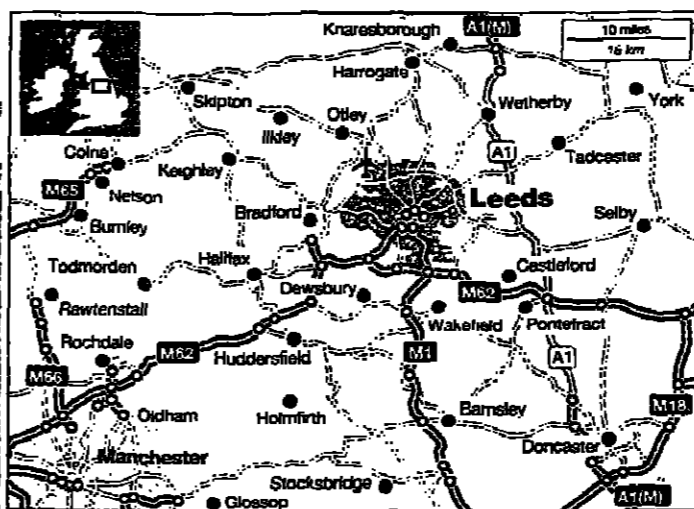
South of the Aire and where Asda pioneered this thrust into the derelict wilderness by building its headquarters on the river bank in 1988, Tetley's brewery visitor centre is a new attraction. Further on, the new Royal Armouries museum houses part of the national collection of arms from the Tower of London.

While these developments have, in effect, expanded Leeds' city centre to the south and east, it is now stronger eastwards too, where it is eventually constrained by an urban motorway and punctuated architecturally with the Holiday Inn and the Yorkshire Post building. Now, however, Coopers & Lybrand's new office block fills a formerly uncomfortable hole between the rest of the city centre and the hotel. There are other new office buildings, opposite.

Educationally, the city is well served with two universities, which now have 40,000



The dynamic centre of Leeds...from the County Arcade in heart of the retail area, to City Square as seen from Queen's Hotel, to the impressive city hall



Pictures: Pegasus Wilson; Levenson Garrett

students between them, a substantial economic resource in itself. They are also developing space. Leeds University is one of the older civic variety, while Leeds Metropolitan University, is a development and extension of the city's former polytechnic.

Leeds University, which now claims to be the UK's largest non-federal institution of its kind, is making an extra contribution to economic development by beefing up its four-year-old business school. It is expanding onto the site of the old Leeds Grammar School, the neo-Gothic buildings of which are being converted for modern business teaching, with horseshoe-shaped lecture theatres to promote interactive learning. The business community is being tapped

for about a third of the £15m cost, with the university providing the rest.

In effect, Leeds is playing catch-up in the business schools market and has recruited several leading academics from rival schools around the UK. Even though Bradford University's Management Centre, less than 10 miles away, already has an international reputation, Leeds has set itself the ambitious task of developing one of the top business schools in Europe, not least to match the emergence of the city as an undisputed regional capital.

Leeds, therefore, is clearly a city on the up and up, with a vision of itself as a leading European metropolis in the 21st century. There are other signs of success. The rush hour, particularly south-

wards in the morning from the upmarket towns of Harrogate, Ilkley and Otley, has become as bad as anywhere else's. The M62 between Leeds and Manchester can be chock-a-block at peak times.

At 5.3 per cent, unemployment in the Leeds travel-to-work-area is comfortably below the UK national average of 5.8 per cent. Top salaries among management consultants employed by the largest accountancy firms have passed the £100,000 a year mark.

Roger Hoyle, a director of Sprethead, says headhunter firms like his have never been busier, not only in trying to find people from all over the UK and abroad to take jobs in Leeds, but also in trying to pick off some of Leeds' best professionals to

work in London and beyond.

Even Leeds' social problems are a by-product of success. Unemployment is more than 20 per cent in parts of the inner city and as high as 85 per cent in individual inner city streets because the manufacturing sector that used to require human labour - particularly in textiles - now needs about 28,000 fewer people compared with 30 years ago. Inner city folk cannot easily refrain for many of the 60,000 jobs in financial services, if any at all.

Belatedly, perhaps, the city's leaders are now addressing this problem of the "left-behinds" with some urgency, especially following two bouts of civil disturbance this year, when some local residents fought police over tougher drug enforce-

ment policies.

While the city has spent the past six years creating an effective partnership between public and private sectors to build consensus over economic development, leaders now acknowledge they did not do enough to include key members of the community and voluntary sectors. They are trying to remedy this, as well as promoting training programmes and welfare-to-work schemes to improve employability in the inner city.

There are also other reasons for concern. Tony Grant, a former head of Coopers & Lybrand in the city, was founder chairman of the Leeds financial services initiative three years ago and is now president of Leeds chamber of commerce.

He warns: "Business in

Leeds has been very successful, not only because of financial services, but because of a very mixed economy, with strong representation in all industrial sectors. The main concern of the business community is how to keep up the overall momentum.

"We have a big manufacturing sector and are very worried about exchange rates. We are also worried about interest rates. We want stability.

"Also, with regional unemployment rates a point worse than the national average and about one-and-a-half points worse than in the Leeds travel-to-work-area, it is clear that Leeds is a magnet for jobs in the sectors where it is strong. We need to improve the regional transport network. We need more trains. These improvements must be part of a strategy for the whole of Yorkshire and Humberside."

The present network has to cope with 17,000 commuters a day, compared with only 3,000 just 20 years ago. The chamber says Leeds deserves more national help to cope, because of its economic success, it contributes disproportionately in taxes and wants commensurate public investment in infrastructure in return.

The argument should hold good for some time: the way things have been going for the city economically, it looks unlikely that Leeds' above-average contribution to tax revenues is going to diminish in the foreseeable future.

Ian Hamilton Fazey

'The quality of life is much higher than in the south'

Sarah Grünwald, a director of NatWest Markets, moved north three-and-a-half years ago and runs the merchant bank's Leeds operations. "I spent 10 years in London," she says. "Work is much more satisfying here. It is quicker to deliver a commercial solution to clients."

"You can set up a team with other professionals to do a deal much more quickly and all the people involved will know the companies better. I never went out to clients in London, they came to the office to see me. Here the reverse is true. They expect us to go and see them. You

understand their businesses better as a result."

Ms Grünwald is one of a growing number of immigrants from London and the south and is not untypical in being pleasantly surprised.

Clive Bayley manages the Leeds city centre initiative, a public-private partnership to get the best out of amenities, shops and arts. He used to run the London Pavilion in Soho. "I am certainly not going back to live in the south again if I can help it," he says. "The quality of life here is much higher than in the south of England."

"Before I came, I had the typical Londoner's view of the north. Now I live in a farmhouse near Tadcaster, about 15 miles from Leeds within easy reach of the Dales and the North York Moors."

"The other interesting thing about this place is that a lot of different people have banded together to do something about things. It is difficult to find such a sense of community in London."

Another newcomer is Toby Wyles, a director of Apax, the venture capital provider. He believes Leeds now competes with London on a different footing from the past.

"The price difference has gone now," he says. "London firms are slashing prices to compete, but they cannot score on value for money because you usually get a more experienced partner dealing with you in Leeds and this adds to quality."

Bob Bigley moved north to Leeds five years ago as one of the two founding directors of Hambros in the city. He says: "I like it enormously. It is great for the family and from a work point of view it is great fun."

"There is a lot of fun in growing a business and apart from ourselves, there are a lot of

growing businesses here."

Jonathan Russell moved to Leeds to manage 3i's Yorkshire and Humberside operations. He has found Leeds attractive personally and professionally for one very important cultural reason that underpins Leeds' professional services market. "I think there is more entrepreneurship in the north than the south. Yorkshire in particular has worked out how to manage and arrange succession in dynastic and family businesses," says Mr Russell.

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share in Leeds' success

The Leeds financial and legal community is enjoying unprecedented success as the city has grown to become the UK's most dynamic financial and legal centre outside London.

The key members of this community play a prominent role in not only serving an ever increasing client base both nationally and internationally, but also working together in a pioneering partnership of the Leeds Financial Services Initiative to encourage further development of the sector.

The city now has a critical mass of expertise in corporate finance, legal services, insurance, investment management, private, corporate and retail banking, venture capital, broking and many other professional services which position it firmly as the financial and legal capital of the North. Leeds is now home to the largest concentration in the country of financial call centres, a sector which is continuing to grow both organically and by the establishment of new operators.



For more information about the services of LFSI members and how to share in the success of Leeds contact:

The Chief Executive

Leeds Financial Services Initiative, c/o The Bank of England, King Street, Leeds LS1 1HT

Tel: 0115 244 1793 Fax: 0115 244 1710

LEEDS - CENTRE OF EXCELLENCE FOR FINANCIAL AND LEGAL SERVICES

2 LEEDS

INFORMATION TECHNOLOGY • by Ian Hamilton Fazey

Click here for top bandwidth links

New pop bands and leading businesses are showcasing their wares on-line

There may seem little connection between a career in pop music promotion and one centred on the internet, but Mr Aidan Cook, a 25-year-old live music promoter, has made the link in Leeds. He moved to the city from Brighton because there were more bands to work with. Now he is in the bandwidth business.

He and three colleagues came up with what they thought was a great gimmick: they would offer to design a free home page on the internet for bands they promoted to help them appeal to the youth market. Now it looks like leading them into something bigger than they could have achieved in the music business.

Some who saw the bands' home pages started asking the trio to create one for them. They now have a company called Sense Internet - shortened to Sensei, the Japanese for teacher, on the net - which designs home pages.

Mr Cook says: "Many companies decide they want to be on the internet and turn the problem over to their information technology specialists. This is usually a mistake because most of these people are not graphic designers and the resulting home pages are poor. In our experience, the company then goes quiet for a while and lets things ride or drop before, a few months later, stumbling across us."

Mr Cook and his colleagues put together £10,000 from their own resources two years ago to test the market. In the first year they turned over £80,000, this year it will be £360,000. The business now supports eight full-timers and three part-time contractors and has more than 25 customers including Asda, the Leeds-based supermarket operator, Yorkshire Electricity, Yorkshire County Cricket Club, Leeds City Council, the Harry Ramsden fish and chip restaurant chain and Forte, the hotel group.

Sensei is spreading across the north but good stories about internet usage also help. For example, Yorkshire Cricket Club was pleased when an Indian businessman living in Florida discovered its home page and booked himself into a week's coaching in Leeds.

With its skills at a premium, Sensei has deliberately chosen to operate at the bespoke, top end of the market. Prices start at about £5,000 but Mr Cook says that once hooked, customers want more and pay more, especially as business starts flowing from their Web site.

While Sense Internet is in a niche, Planet Online is part of ITE, a bigger, broader Leeds-based computer business with £50m of sales and a rapidly strengthening place in the wider market of supplying not only home pages but also internet connectivity via ISDN and leased lines. It is a wholesaler and competes against BT in London. Pipex in Cambridge and U-net in Manchester but is not in the individual consumer market.

This makes it an internet service provider in the broadest sense, offering heavyweight, electronic infrastructure to information servers set up by large companies, such as that of Camelot, the UK lottery operator, or internet companies further down the chain which sell connectivity to individuals. Leeds United is a prominent local customer. In only 14 months of operation, Planet has won more than 1,400 internet-aware customers, mainly in Yorkshire and the north but with a growing national spread.

Planet offers home page design in standard formats, priced from £2,000 with increasingly expensive pick-and-mix add-ons, but this is more of a service to corporate customers than a core business.

Its parent, ITE, was founded by Mr Peter Wilkinson and Mr Andrew Kaberry as a computer equipment rental and leasing business but the internet has opened up a bigger opportunity which has been seized by Mr Paul Sykes, the Yorkshire millionaire property developer and prominent Conservative Party Eurosceptic.

Mr Sykes has bought heavily into Planet and brought in Lord Parkinson as chairman. Planet's future looks secure because it will get all the resources it needs. "I am enjoying this and I don't need the money," Mr Sykes is reported to have told Planet staff.

But if Sensei and Planet are icons of Leeds in the age of the internet, Leeds as a leading IT city is best symbolised by Torch Telecom, established in 1993 in the wake of deregulation of the UK telecoms market. Kingston Communications - Hull's long-established, former monopoly telephone company - formed Torch with Yorkshire Electricity, and slung its cables on the existing electricity grid to create an almost instantaneous telecommunications network.

After £40m of investment by the partners, Kingston bought YE's share of the business last October. Torch now covers most urban areas of Yorkshire and Humberside and provides the telecommunications for more than 200 businesses and institutions, including the new Halifax Direct telephone banking business in Leeds.

Torch's technology has enabled high-powered, dedicated links to beam live video pictures of keyhole surgery at St James's Hospital in Leeds to a training centre at Leeds General Infirmary, so that more surgeons can learn new techniques.

Monthly traffic on the Torch network passed the 7m mark 18 months earlier than planned, so investment was speeded up. A recent £2m injection is improving freephone, premium rate and local cheap rate services and traffic has just passed 15m calls a month. Torch doubled its turnover last year and expects to do so again in 1997.

All of which is helping to make Leeds one of the most IT-aware cities in the UK. Coupled with traditional Yorkshire loyalties to its own, any competent and competitive IT business based in the region is almost certain to succeed, as Torch, Planet and even little Sensei seem to be proving.

URBAN PROBLEMS • by Ian Hamilton Fazey

A city of stark contrasts

Public, private and voluntary sectors are uniting to create opportunities

The downside of Leeds' success manifested itself again last month when riot police had to restore order in Harehills, one of the city's poorer districts which has a long-standing drug-dealing and policing problem. Previous summers have seen riots in Chapeltown, near the city centre, and on some outer estates of council housing. Last year a motorist who lost his way in the inner city was killed by a carjacker.

A severely top-sided spread of unemployment across the city's 33 council wards explains the principal cause of unrest. Fifteen wards in the prosperous suburbs have unemployment rates of 4 per cent or less, with two of them down to 2 per cent each. By contrast, six inner city or outer estate wards are at 14 per cent or worse, with University ward the most difficult at 21 per cent and Harehills second worst at 18 per cent.

Even these figures paint too rosy a picture: the council's computerised records of benefit claimants addresses show serious pockets of multi-deprivation, where some streets have 85 per cent unemployment. Council officials shy away from using the word "blackspots" for these areas in case they offend racial sensitivities, which indicates another important aspect of the problem.

The contrast is even more disturbing when the wider labour market is analysed. The jobless rate for the Leeds travel-to-work area in April - it extends beyond the city boundaries - was only 5.3 per cent, compared with a UK national rate of 5.8 per cent. With overall unemployment within Leeds' boundaries at 7 per cent, this implies large numbers of jobs in Leeds are held by commuters.

Indeed, Councillor Brian Walker, leader of the council, says that although there has been a net gain of 20,000 new jobs in Leeds in 1991-91, there was an increase of nearly 18,000 in numbers of commuters. The service sector grew by 20 per cent to 226,000, while manufacturing



The Big Issue magazine is sold on the streets to help the homeless. Meanwhile, the city council is reviewing its social policy priorities

jobs dropped by 25 per cent to 61,000.

The trend, which most believe has accelerated in the five years since the last census, has favoured qualified or trained middle-class people living in the suburbs or in well-heeled Yorkshire towns outside Leeds. The losers have been inner city dwellers who used to find work readily in local factories that have been shut or downsized.

"When we had a large textiles sector, people learned a transferable skill for the garments industry and could switch jobs," says Councillor Tom Murray, chairman of the council's training committee. "Not only have the factories that employed them gone, but so have the informal networks through which about 45 per cent of vacancies are filled in industry. In many parts of the inner city, for many people, there is no way into work."

Mr Walker, who became leader 18 months ago when Mr Jon Trickett, his predecessor, won a parliamentary by-election for Labour, immediately ordered a wide-spread review of priorities to complement the organisational shake-up of council services and operations he and Mr Trickett started three years ago.

"We have a budget of £1bn a year and must target it better to do the most good," Mr Walker says. "We have partnerships with the private sector coming out of our ears, but we have hardly consulted the people in economic terms. We have got to switch the emphasis from development issues to people issues. It was a shock to some leaders in Leeds to realise how many people had been left behind."

A former manager with British Telecom, Mr Walker

was seconded full-time for two years to help run Leeds Development Corporation, the government quango wound up last year. With his commercial background, he is used to performance measurement and is unfazed by any unpopularity among town hall staff resulting from his reforms.

His advantage in this regard over Mr Trickett and the latter's predecessor, Mr George Moody, now a Labour whip in the Blair



Brian Walker... switching emphasis to people

government, is that, at 57, he has no wish to become an MP. Unpopularity will not thwart his ambitions, which revolve solely round solving Leeds' problems. His authority comes from an 82-strong Labour group, which dominates the 99-seat council, giving him as much power as might be enjoyed by an elected mayor.

He says the local authority was far too long hampered by rigid, vertical integration. There were too many departments and committees, each reporting upwards and each autonomous. With poor side-winds linkages, co-ordination was usually attempted too late as policies were set in stone by the time they

reached anyone with a wider overview.

A dozen functions have been reorganised into three groups - development services, community services and resources - each with a powerful chairman. Mr Walker and the three chairmen form an executive to ensure the resulting managerial matrix works coherently.

The current review of priorities, which will be completed within six months, aims to channel resources to improve the targeting of economic, social and educational policies. This should make it easier to address the disparities of opportunity creating the present tensions between haves and have-nots.

Mr Murray's training committee, which is part of the community services group, has a crucial role here, as does the Leeds Initiative, a now well-established partnership between the private and public sectors and the universities, which is run by Ms Gill Holt, a planner with wide experience of social housing policy in Liverpool and Sheffield, as well as Leeds.

Mr Murray, head of science in a York comprehensive school, is responding to employers' demands for core skills in literacy, numeracy, information technology, problem-solving and teamwork. Given the flexibility these skills encourage, employers say they will fill in specific vocational training for new workers.

Core skills training is planned in places such as the East Leeds Family Learning Centre, set up in a shut-down, comprehensive school, which will run courses for up to 3,000 people from September. The training committee is also using

intelligence from planning applications to approach employers long before they start recruiting, so that inner city people can be equipped in advance to apply for any new jobs.

Leeds also operates a job placement scheme with employers - its own version of a welfare-to-work programme. People on benefit are placed in work and their benefits are topped up to cover travel and subsistence. The latter comes via a £2 daily voucher, to be spent at a local supermarket, because the government's Benefits Agency started docking cash payments. The agency was told in May by the new government that it was not to proceed with plans to start docking the value of the vouchers from benefits.

The scheme seems to help make people more employable. "Our experience so far is that 88 per cent of people have got jobs within six months of joining," says Mr Murray.

Ms Holt, meanwhile, has been charged with the task of bringing the community and voluntary sectors into the Leeds Initiative so as to make the partnership more inclusive. The initiative, which began in 1990, now has 14 sub-groups from public and private sectors looking at problems and trying to ensure Leeds benefits more widely from its burgeoning financial services sector.

It has been effective in identifying and promoting common goals and achievable projects, such as cleaning up the city, encouraging development and presenting a united front to potential inward investors. Tackling inner city community problems, however, looks like being its greatest challenge so far.

PROFILE YHDA

A prime asset for marketing

Yorkshire and Humberside Development Association, the inward investment agency, is using Leeds as one of its two principal assets in a revamped marketing campaign. The other is the Humber estuary, where four ports and numerous river wharves handle more than 60m tonnes of trade, most of it between the UK and the rest of the European Union.

YHDA is shifting its emphasis towards EU markets, stressing Leeds' role as a full-service, regional capital with excellent infrastructure to link it to what is now the UK's largest single trading gateway with Europe. It is appealing particularly to North American and German companies - still the largest investing nations in the UK economy - and switching resources devoted to Japan and Taiwan, although there will still be a strong presence in the Far East.

The change is being driven by John Siddall, who moved to the YHDA last year after heading both the Leeds Development Agency and the Leeds Initiative. Mr Siddall has a comprehensive view of the region: he was once economic development officer for Humberside and before moving to Leeds worked for Sheffield Development Corporation.

The government-backed Sheffield body - which was wound-up in March - has also provided Martin Lidda-

ment, the YHDA's new head of marketing.

"Leeds is a tremendous resource for the region," Mr Siddall says. "Humberside is a tremendous resource for Leeds in reaching EU markets. The two are complementary and this has already been recognised by Volkswagen Audi, SPS, the Swiss fasteners group, and Cameron, which makes well-heads for offshore industry in Leeds."

Leeds, however, has a problem attracting new manufacturers because its economy is so successful it gets no government sweeteners. "The argument for Leeds has to be about the competitiveness forced on its industry because of no subsidies," Mr Siddall says.

Perhaps the most valuable testimonial therefore comes from neighbouring Bradford and Professor Stuart Sanderson of Bradford University's Management Centre.

"What Leeds has done, which many other cities have not, has been to create a wide network of inter-linked activity," he says. "Network growth is a distinct feature of its economic success. Leeds has provided us with an opportunity to network and, with a well-established MBA degree, we have been able to develop as a resource for the whole region."

Ian Hamilton Fazey



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FINANCIAL SERVICES • by Ian Hamilton Fazey

Fully-fledged service city

The sector is self-standing but may be inhibited by a continuing skills shortage

Mr Brian Routtall, senior partner of KPMG and the current chairman of the Leeds Financial Services Initiative, says the city needs more merchant bankers and corporate stockbrokers to improve its effectiveness as a financial centre.

To the casual observer at least this might seem an odd request: Leeds already has four heavyweight merchant banks, though stockbrokers of similar standing are thinner on the ground.

Leeds is already a full-service city in terms of financial services, according to Mr Chris Roulston, Arthur Andersen's corporate finance partner. Andersen's £728m of deals last year included two significant northern ones done from the city - the £44m disposal of Ross Frozen Vegetables by United Biscuits and the flotation of Garland Whalley and Barker, the Halifax-based industrial investment group.

"Clients no longer need to go to London," Mr Roulston says. "Leeds and Manchester are now automatically on the list for this size of deal and firms such as ours have expanded in line with that demand."

Ten years ago, when Leeds' emergence as a self-standing financial centre was first beginning to be noticed, most deals were smaller, and London provided most merchant banking services. This was despite the presence of 31, Singer & Friedlander and NatWest Markets in the city, with N. M. Rothschild & Sons also active from its northern base in Manchester.

Things have changed. Five years ago, Mr William Nabarro and Mr Bob Bigley moved in for Hambros, which now has 10 fee-earning staff, after rising to five soon after opening and doubling in 1994. Singer's and



Brian Routtall, senior partner of KPMG, would still like to see more London merchant banks in Leeds

NatWest Markets have beefed up their operations and Rothschild's has a Leeds office.

Mr Bigley says all of them have three groups of competitors - each other, merchant banks in London, and corporate finance professionals employed by large firms of accountants in Leeds, notably Coopers & Lybrand, Arthur Andersen, Price Waterhouse, Deloitte and Touche, KPMG and Pannell Kerr Foster.

Meanwhile, Coutts is successfully operating a private banking service in Leeds.

Mr Routtall, however, would still like to see more London merchant banks in Leeds, not only because more competition might stimulate more business, but because this would ensure more of it was kept in Leeds.

Economically, this is a strong argument. The growth of financial and professional services in Leeds in the past 10 years has been a remarkable example of import substitution, with substantial fees now kept in the north rather than given up to London.

Just how big these fees

have become is not something anyone talks much about because of competition.

KPMG's Mr Routtall and Mr Stuart Connell, his opposite number at Deloitte & Touche, both admit to recruiting specialists for their consultancy businesses in Leeds at more than £100,000 a year. They are often brought in for specific jobs or types of work and may be headhunted from anywhere, including the US.

Mr Routtall also has a point about a shortage of stockbrokers, even though a significant development in the last year has seen BWD Rensburg, one of the UK's few quoted stockbrokers, close down its Huddersfield headquarters - as well as its old offices in Bradford and Leeds - and relocate into a new building on the Leeds-Liverpool canal basin quayside, just over the bridge from KPMG and near Halifax Direct's new telephone banking call centre in Leeds.

But although BWD owns Northern Registrars - a back-office operation it is keeping in Huddersfield, where floorpace is cheaper

- and although its Quarterly Review is probably the most comprehensive and useful database on UK quoted companies in the English regions, it admits to being in the private client, rather than corporate broking sector.

Henry Cooke, the Manchester-based stockbroker which has regularly sponsored small and medium-sized flotations, also has an office in Leeds, but of the big national hitters, only Peel Hunt has made a firm commitment.

"Ours is the only truly corporate broking service in town," says Mr Robert Martin, who joined from Coopers & Lybrand in Manchester to take charge last year. "Our only private clients are the chief executives and senior managers of our corporate clients. With lawyers and accountants, you do not have to go to London. In our market, you do. I think the lack of local competition is probably an inhibiting factor for Leeds."

Another potentially inhibiting factor appears to be skills shortages. "We are desperately short of people,"

says Mr Routtall, even KPMG now employs more than 400 in Leeds. The appetite for professionals in Leeds appears insatiable. We think we will need at least 130 more people in the next five years. With normal rates of attrition, that will mean recruiting about 250, or one person a week from now on. We now have three people doing nothing else but recruitment."

With the labour market so vigorous and the top rewards so high, Leeds has clearly established itself in the national marketplace for financial services, despite the odd weakness.

It has also become more confident. Mr John Howley, chief executive of the Financial Services Initiative, cheerfully admits Leeds has cancelled its membership of the European Association of Regional Financial Centres, a cachet much prized by Manchester. "The European mainland membership seems based on regional stock exchanges, so there has been little in it for us to justify the expense," Mr Howley says. "We know what we are about and don't need it."

MERGERS • by Ian Hamilton Fazey

Traditional rivalries are being swept aside

The wars of the roses are relegated to sporting arenas as trans-Pennine links are forged

Though the rivalry will go on at cricket matches and other sporting events, the wars of the roses - the white rose of Yorkshire versus Lancashire's red - appear to have come to an end among some of northern England's leading professionals.

Two years ago, Eversheds, one of Leeds' "big five" law firms, merged the fee income and management of its Manchester and Leeds offices. The larger Yorkshire office took charge. This year, two other significant legal mergers confirmed this trans-Pennine trend.

Manchester's Addleshaw Latham & Sons and Leeds' Booth & Co now operate as Addleshaw Booth, a gigantic business with a Lancashire senior partner, a Yorkshire managing partner and 861 staff, pulling in revenue of £42.5m a year.

Equally important, the Leeds-headquartered Dibb Lupton Broomhead merged with Alsop Wilkinson, itself formed from a merger of Manchester, Liverpool and London firms in the 1980s. It now operates as DLB Alsop.

Dibb Lupton Broomhead was already in Manchester. Like Hammond Suddards, another Leeds giant, it opened there in the early 1990s, and has been growing ever since. The reason for invading Manchester was simple: although many north-west companies hesitate to go to Leeds for specialised legal services, they will happily buy them from a Leeds firm in Manchester.

The opposite argument is generally true in much of Yorkshire and Humberside, although there has always been some confusion and blurring of territorial claims. For deep historical and cultural reasons, some Sheffield companies, for example, prefer Manchester to Leeds. Moreover, Manchester has

always done well out of Huddersfield, while some north-east Lancashire companies have favoured Leeds.

The argument is now academic. Addleshaw Booth, DLB Alsop, Eversheds and Hammond Suddards all derive from four of the Leeds big five and three of Manchester's finest law firms. They now bat for the north as whole - mainly against London firms - rather than for Yorkshire or Lancashire individually.

They all claim a seamless trans-Pennine market now along the M62 corridor between Liverpool and Hull. West Yorkshire and Greater Manchester - with a strong population between them, hundreds of quoted companies and probably more than a thousand substantially profitable, medium-sized, privately-owned ones - form the economic core of this super-region.

Large accountancy firms have also come to a broadly similar conclusion, although in their case they segment by speciality and may keep a senior partner in overall regional charge in each main financial centre. However, the national or super-regional unit for, say, auditing banks and building societies, or for corporate recovery or corporate finance, may be run from either Manchester or Leeds.

The key, as is the case with the lawyers, is to draw specialised teams from a pool of human resources and talent, whether the individual team members are based in Manchester, Leeds and - sometimes - Liverpool.

As Mr Nimble Thompson, Eversheds' senior partner, puts it: "We offer a full range of corporate and litigation services in both Leeds and Manchester. The merger has given us a bigger pool to draw on in both cities than we could have had in either."

"Of course, the M62 can become quite crowded and frustrating at peak times. My favoured approach is to go to the railway station, buy an £8.80 return ticket from the machine and use

the train. It is a desk-to-desk journey of one hour and I can do a lot of preparation and reading en route."

The one big Leeds firm to resist either a trans-Pennine alliance or colonisation of Manchester's "square half-mile" has been the former Simpson Curtis, although - with Addleshaw and Booths virtually betrothed for the past three or four years - there may well have been a lack of candidates with a similar in-firm culture.

However, the firm is now Pinsent Curtis, a north-south alliance between Leeds, Birmingham, and London. Indeed, London figures prominently with most of the firms involved, which have either built up substantial London offices or acquired them through mergers.

Only Addleshaw Booth adopts a different stance: "We are setting out to be the firm of the north operating nationally," says Mr Paul Lee, the senior partner. Addleshaw Booth is underlining its financial strength, as well as northern and trans-Pennine commitments, by relocating to expensive new buildings in Leeds and Manchester this year.

Of them all, it is the only one that is truly led from Manchester, although it has tried to play this down by adopting Leeds' civic colours of blue and gold as its corporate colours. Just as Leeds' entrepreneurial lawyers have been the driving force in the city's emergence as a self-standing financial centre, so they are also leading in establishing a single northern market for heavyweight legal services.

They have undoubtedly done a lot of damage already. One sign is that some London firms are now trying to undercut northern prices by pitching unprofitably low against them. The trans-Pennine warriors seem to be relishing the fight. With the wars of the roses over, the north-south divide looks like being the next challenge for these doughty entrepreneurs.

CALL CENTRES • by Chris Tighe

New world of work

A community of 'lifelong learners' is appearing as training is transformed

This week a group of unemployed people will be at Halifax Direct's award-winning call centre in Leeds for introductory training in communication, computer and customer service skills.

The two-week course, designed to prepare those attending for an interview as potential customer liaison officers at the call centre, has been developed by Halifax Direct and East Leeds Family Learning Centre.

The Family Learning Centre, a partnership between the city council, the further education sector and employers, is based in an area of council estates that have yet to feel much impact from the growth of Leeds' financial services sector.

The Centre, established last September in a cleaned school in Secombe, aims to tackle high local rates of unemployment by developing East Leeds as a business

community of "lifelong learners", improving educational achievement and championing the message that local people can find a role in the new world of work.

The current training course at Halifax Direct is the Centre's first foray into opening up call centre recruitment to local people. Centre manager Mr Chris Peat says GE Capital, another of Leeds' big call centre operators, has agreed to become involved in a similar programme.

For the Family Learning Centre, the benefits of such an initiative are obvious. Leeds now has more than 25 call centres, employing more than 10,000 tele-operators and customer service agents. The Leeds Financial Services Initiative says most of these call centres are expanding. It estimates that this year they will recruit more than 2,000 additional employees.

The round the clock, flexible working patterns of call centres - GE's is said to offer 270 possible shift patterns - may make such employment feasible for those needing to juggle work and family responsibilities.

And, importantly, pre-interview training at the potential employer's premises, such as that being run by Halifax Direct, helps overcome scepticism among jobless veterans of training programmes.

What, though, are the benefits of such a scheme to the call centre operators? Is their motivation altruistic or commercial?

A bit of both, says Halifax Direct. It employs 500 at its Leeds call centre, last month named winner of two European Call Centre of the Year Awards, but has capacity for 1,300.

Call centres in the UK are in the grips of a growth explosion: last month incomes Data Services, the independent employment research body, forecast that up to 1m people will be working in call centres outside London and south-eastern England by 2000.

Leeds had a pioneering role in this development: it was here that First Direct in 1989 set up the UK's first all-telephone banking service. First Direct's Leeds call centre is now also the UK's largest, with 3,500 employees.

The city has also seen the evolution of older retail credit operations into call centres, optimised by the customer service organisation Ventura, which works as an outsourcing partner for companies including Cellnet, the Co-operative Bank and BT Mobile.

A member of the Next Group, Ventura was formerly known as Club 24. Established in the 1980s, it originally provided and administered credit facilities for the Leeds-based high street tailor Hapworth. Ventura has doubled its workforce since 1994 and is now recruiting a further 100, bringing its call centre workforce to almost 2,000.

Leeds, with its concentration of call centres in direct banking, insurance, retail and credit services - its call centre operators include the AA, Barclays, Direct Line, First Direct, GE Capital, Green Flag, Halifax Direct, Privilege Insurance and Ventura - stakes its claim to be the UK's financial services call centre capital.

"Leeds is a big telecommunications centre; there's a lot of telecommunications fire power," says Mr Andrew

Dowson, an independent management consultant who co-ordinates the Regional Call Centre User Group, a self-help industry forum comprising more than 40 call centre companies in Yorkshire and Humberside.

Leeds has a total workforce of around 360,000 but, with an estimated 60,000 people now employed in financial and legal services, is there a risk that the local supply of new recruits is drying up?

Mr Dowson thinks not: "There's a tremendous pool still to take in Leeds." He adds, however, that "a number of providers would say they have no problem recruiting; others would say they do." The issue, he says, is what people are paying, including wider employee benefits, relative to others. The Call Centre User Group has recently conducted a pay and benefits survey, to give its members a clearer picture.

Mr Dowson maintains Leeds' call centres are not facing a skills shortage, but Ventura, announcing its latest recruitment drive last month, said the expansion of telephone-based customer service adviser jobs in the city had created a drain on the available resources.

"The industry is now attracting personnel from other professions - care workers, retail staff and hairdressers - who have the right communication skills, attitude and empathy to do the job effectively," the company said.

One commercial reason for trying to increase the number and range of local people employed in call centres, is traffic congestion.

Mr Anthony Ruane runs the mortgage arrears and commercial debt recovery call centre in Leeds for the solicitor Addleshaw Booth. It employs almost 200 people.

Four years ago Mr Ruane, who lives just north of Leeds, used to leave home at 7.30am to be at his desk by 7.50am; the build up of traffic means it now takes him until 8.10am. "We are sucking in people from outside the city who are prepared to travel, but we are still looking at this mass of people who are unemployed," he says. "That's very unfortunate for our city."

Recent local landmarks

 Newcastle United PLC £190 million Flotation Adviser and Sponsor February 1997	 Iceland Group plc £118 million Reduction of Share Capital Adviser March 1997	 Lancashire County Council and United Waste Limited £50 million Joint Venture Adviser March 1997
 Telecom UK £27.7 million Acquisition by Utilitec plc Adviser April 1997	 Rosebys PLC £25 million Acquisition of Bensons Beds and Vendor placing Adviser March 1997	 DBS Management plc Acquisition of AssureSoft Limited and Introduction to the Official List Adviser and Sponsor March 1997

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4 LEEDS

TOURISM AND CULTURE • by Chris Tighe

Short break policy may reap rewards

Up-market shops and lively new attractions hint at continental lifestyle

As a manufacturing centre and a major focus for financial and professional sector firms, Leeds enjoys national credibility.

However, persuading those south of Watford that Leeds has "warmly embraced the continental lifestyle", as its publicity asserts, is likely to be a more difficult even though the recent opening of Harvey Nichols has done much to boost its image.

As a retailing inward investment Harvey Nichols has brought home to a wider audience that Leeds serves a catchment area with plenty of affluent high spenders and offers up-market shopping.

It also highlighted the beautiful Victoria Quarter, an area of renovated Victorian arcades, covered by the largest stained glass roof in Europe and renovated with mahogany and glass shopfronts, with names gilded in Art Nouveau lettering.

The city centre's shopping attractions also include its Victorian Grade One listed Corn Exchange, once the main centre for corn trading in the West Riding and now home to more than 50 retail outlets, and its recently restored Edwardian Kirkstall Market. This building stands on the site of the Market Hall where in 1894 Michael Marks set up a Penny Bazaar, from which grew Marks & Spencer.

The big challenge for those marketing Leeds is to persuade potential visitors from the UK and overseas, that Leeds is a tourist destination.

"International visitors are destination-led, not attraction-led," says Mr Julian

Rawel, marketing director at the city's high profile new attraction, the £12.5m Royal Armouries Museum, the first arts project funded under the Private Finance Initiative introduced by the last government.

"There's no point in spending lots of money and time marketing the Armouries to overseas visitors until the city of Leeds is seen as somewhere the international visitor wants to come to," adds Mr Rawel.

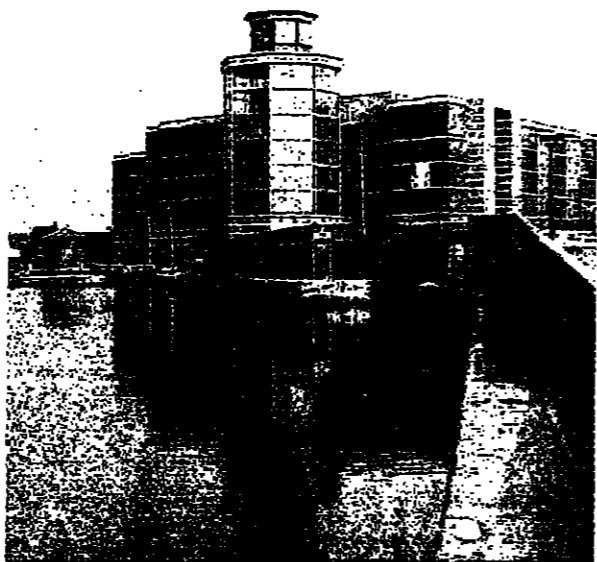
In the first year of operation since its March 1996 opening, 5 per cent of the Royal Armouries' near 500,000 visitors were from overseas and around 30 per cent from Yorkshire. At the Tower of London, more than 80 per cent of visitors are from overseas. Despite this contrast in overseas visitor numbers, the Royal Armouries in Leeds has become the most popular paying museum outside London.

The stark new Leeds building, on former industrial dockland not far from the city centre, has provided the first dedicated home for the national collection of arms and armour since it was begun by Henry VIII in the 16th century.

Its five themed galleries cover war, tournament, the Orient, self-defence and hunting. Presentational methods include striking three dimensional tableaux, a tiltyard for tournaments and other live events, interactive computer displays, a craft court demonstrating traditional skills and live enactments.

Stunning though many of the displays and artefacts are, marketing such subject matter to a modern audience is complex; the official opening by the Queen just three days after the Dunblane school shootings highlighted the sensitivities.

Visiting the Armouries, says Mr Rawel, illuminates



The Royal Armouries: stunning as many of the displays and artefacts are, marketing such subject matter is complex. *Peter Wilson*

an understanding of art, design, English and science as well as history but, he adds: "We have a strong marketing effort to convince primary school teachers."

Original projections of annual visitor numbers were, says Mr Rawel, optimistic by the end of 1996 the expectation was 400,000 - 700,000. He expects this current year to show a slight rise on the first year's figures. To widen its appeal the museum is currently hosting the world's first official James Bond exhibition, bringing together more than 350 objects from all over the world synonymous with Bond, including the Aston Martin DB5 from GoldenEye. Corporate entertainment at the Royal Armouries, ranging from small dinners in the Pinstriped Gun room to a Caribbean evening for First Direct, and large conferences, has exceeded the projections. It will this year generate more than £1m income.

Another new attraction in the city is the £5m Thackray Medical Museum which opened recently. Based on the private collection of the long-established Leeds surgical instrument makers, Chas F. Thackray it includes a walk through a reconstructed back street in Leeds of the 1840s, to show how living conditions determined

people's health, a section showing how operations have changed over the past 150 years and a gallery illustrating how the body works.

Leeds many other diverse visitor attractions include the £12m West Yorkshire Playhouse, the largest producing theatre outside London and Stratford, Tetley's Brewery Wharf, bringing to life the story of the British pub from medieval times to the present day, Harewood House, the stately home of the Earl and Countess of Harewood, the Henry Moore Institute, Europe's largest gallery devoted solely to sculpture, the Leeds Grand Theatre and Opera House, home to Opera North and Tropical World, which recreates the vegetation and climate of tropical landscapes.

Tourism and leisure in Leeds supports an estimated 12,000 jobs and generates an annual £200m spend by visitors. This includes £26m spent by overseas visitors, who in 1995 spent in total 877,000 nights in the city. This figure includes business travellers and people visiting relatives.

Leeds and expensive national promotes itself as a short breaks destination, a route which, says the city council's leisure services senior assistant director Denise Preston, will pay long term dividends for the city.

INDUSTRY • by Chris Tighe

A pioneer of diversity

Productivity grows in one of the UK's oldest and most profitable manufacturing centres

Despite the heavy focus in recent years on Leeds' growth as a financial and legal centre, it remains one of the UK's largest manufacturing centres.

"We're still a very big manufacturing city," says Mr Peter Hill, chief executive of the Leeds Engineering Initiative. "Let's shout about it a bit."

With around 1,800 manufacturing companies, Leeds has a concentration exceeded in Britain by only Birmingham and Leicester, outside the combined London boroughs. The city has rising productivity and a shrinking manufacturing workforce, from 213,000 at the start of the 1950s, to 114,000 by the mid-70s, and half that today.

The contracting out during the 1980s of many factory functions like catering, security, cleaning and plant maintenance has meant re-categorisation of employees such as service sector workers, so the sector's remaining jobs are focused on manufacturing.

The city's manufacturing sector has a number of capital investments over the past decade. VAW, the largest independent aluminium foundry in Europe, which specialises in aluminium cylinder heads and blocks for the international automotive industry, has invested £80m in its Leeds operation since 1990.

Cooper-Cameron, one of the world's major manufacturers of oilfield, well-head and production equipment, has invested more than £20m at its 25-acre south Leeds site in the past five years.

Mr Hill hopes the current construction of the A1(M) link-road south of the city will trigger more investment, especially in south Leeds, an area traditionally associated with manufacturing.

Thanks in part to heavy capital investment, the city's 56,000 manufacturing sector employees produce a vast range of products, many competing in world markets, and valued at more than £4bn per year.

"The future prosperity of the Leeds economy," says city leader Mr Brian Walker in the Leeds Engineering Initiative's 1997 digest, "is inextricably

linked with the continued well being of the city's manufacturing base."

The 19th century prosperity of Leeds was rooted in coal, iron and the manufacture of woollen cloth. But unlike some other northern centres which underwent an industrial revolution between 1790 and 1830, Leeds developed a diversified industrial base - something on which it still prides itself.

By the start of the 20th century, engineering was the city's largest employer, but Leeds was a centre for printing, paper manufacture, glass production, dyeing, drugs and pharmaceutical products as well.

It also pioneered the mass produced clothing industry: it is estimated that nearly 50 per cent of men's suits worn in pre-war Britain were produced by the "wholesale bespoke" factories of Leeds. Burton, John Collier, Jackson the Tailor and Hepworth all became household names.

Despite creating dramatically different workplaces from these tailoring factories, today's call centre phenomenon shows these evolutionary roots; Ventura grew out of the administration of Hepworth's credit facility, and retail credit specialist GE Capital is located in the former Burton complex.

Some local businesses are today less local than they appear since there has been a growth in acquisitions by foreign-owned companies. By 1995, 29 of the 141 manufacturers employing more than 100 people in Leeds were foreign-owned, with most of the city's major engineering companies not now in UK ownership.

"They are more willing to invest but decisions aren't taken in Leeds," says Mr Hill.

Engineering accounts for 38 per cent of manufacturing employment in Leeds; the sector includes a great diversity of companies and products, ranging from battle tanks, centrifugal pumps, ball valves and roof and cladding fasteners to air conditioning equipment, materials testing machinery and anti-corrosion coatings.

The sector includes one of the oldest, continuously occupied industrial sites in the world - GKN Asles' Kirkstall Forge. Christian monks established an abbey at Kirkstall in 1151 AD, founding an iron forge near a site which remains

in operation, participating in axle production for world markets.

Leeds is the second largest print centre in the UK with around 400 companies. Paper and print employment in the city stood at 11,110 in 1993; it is expected to grow by 4 per cent between 1996 and 2005. Significant companies include lottery scratch card printers Opax International and Waddington Chorleys PFB, who carried out the largest print and direct mailing project ever, the Halifax flotation.

Employment in clothing and textile manufacture fell from 14,500 to 6,300 in the city between 1981 and 1991. Currently, there are about 10,500 working in the sector, resulting from an increasing trend towards part time, casual and home working. Other important sectors in the city include furniture making, process industry and food and drink.

The Engineering Initiative, funded jointly by Leeds City Council, Leeds Training and Enterprise Council and engineering companies in the city, aims to promote Leeds as a centre of engineering excellence.

Originally launched in 1981, it lost impetus as companies grappled with the recession, but has now been relaunched with the aim of being much more company focussed. The number of companies involved has risen since the relaunch from five to 30.

The initiative's mission, Mr Hill says, is to aid competitiveness by promoting the sector and developing partnerships between companies, agencies and others, such as universities and colleges.

"Networking is not a natural culture in the engineering sector because it's skills-based rather than people-based," says Mr Hill. "It's tended to be a bit insular, but that's changing."

At present, the initiative is assessing the current levels of skills in the city, to estimate companies' future needs and developing the training provision necessary to fulfil them.

The "Vision for Leeds" programme started by the city council and Tec may lead to the expansion of the Engineering Initiative into a wider Leeds Manufacturing Initiative, ensuring that manufacturers are in the limelight.

"Of course, manufacturers would always claim they create all the wealth," says Mr Hill.

SPORT AND ENTERTAINMENT • by Patrick Harverson

Looking for the big event

The city council has approved a stadium on the model of Madison Square Garden

Civic envy is a powerful motivating force.

The Yorkshire city of Sheffield has two professional football clubs, an ice hockey team, a basketball team and an impressive indoor arena.

In contrast, Leeds, has only one football club, no basketball team, no ice hockey team and no indoor sports arena. The county's largest city does not even have an ice rink - budding Torvills and Deans have to travel to Bradford.

This situation, however, is about to change - much to the approval of those in Leeds who have felt the city's leisure facilities have lagged behind Sheffield's for far too long.

In May, Leeds city council finally approved an indoor sports and entertainment arena, subject to funding and planning. After several years of hand-wringing about whether municipal funds should be used to finance its construction, the bid to build the arena was awarded to Caspian, the stock market-quoted company that owns Leeds United football club.

Caspian was chosen over a rival bidding group called StadVarlos led by the sports promoter Patrick Nally.

The decision to choose Caspian was absolutely crucial to the company's future. Without the arena, its long-term ambition to build a multi-sports, leisure and media group around the core Leeds United business would have died.

It was not an easy victory, however: at various stages, Caspian's negotiations with Leeds council - which owns both Elland Road and most of the land around the stadium - ran into difficulties.

It was these difficulties that partly led to the surprise resignation in April of Mr Robin Launders, Caspian's chief executive, amid allegations that his poor relationship with senior members of the council was threatening to scupper the deal to sell the freehold of the stadium and lease surrounding land to the company.

However, by May the differences had been settled and Caspian was able to start planning the building of the 18,000-seat arena. Mr Chris Akers, Caspian's chairman, now says construction on the project - which includes the redevelopment of the Elland Road west stand that will adjoin the



Sporting chance: an artist's impression of the arena, which could attract 2m visitors a year

arena - should begin next January. A provisional completion date of summer 1999 has been set.

The arena's main purpose will be to host ice hockey and basketball games. Earlier this year Caspian paid a substantial sum of money to the Sheffield Steelers to split the ice hockey Superleague franchise in Yorkshire and make room for a new Leeds team, and the company has also applied to set up a professional basketball team.

The arena will be designed to hold boxing matches, equestrian and stage rock and classical concerts, ice shows, circuses and other entertainment events. Additionally, there will be 38,000 sq ft of exhibition space. Akers forecasts that if Leeds United can increase its attendances at Elland Road, the entire site - including its ancillary leisure facilities - could attract 2m people every year.

With 10m people living within an hour's drive of the arena, there should be no shortage of demand if the product is right.

Caspian's blueprint for the Leeds Arena is Madison Square Garden (MSG), the multi-sports and leisure complex in New York city that hosts two top sports franchises, big boxing matches and a vast array of entertainment events. Combined with its own all-sports television channel the Garden turns over \$500m of business for its owners, Cablevision, every year.

While it is difficult to imagine a Leeds-based sports and leisure group ever matching MSG in size or status, Caspian is confident the concept can work in Yorkshire. It is particularly keen to develop its media interests so that when the day comes it will be able to broadcast live coverage of Leeds football, basketball and ice hockey games exclusively on its own regional television channel.

These are long-term ambitions, however. In the

short-term, Caspian must put together the funds for the arena. The cost is likely to exceed £20m (including the redevelopment of Elland Road's west stand and acquiring the freehold to the stadium), and it will be funded privately, with Caspian aiming for both debt and equity financing.

If there is a rights issue it is likely to be announced in the last quarter of this year, and the sale of shares would probably raise about £20m. Equity could also be privately placed with a corporate or institutional partner.

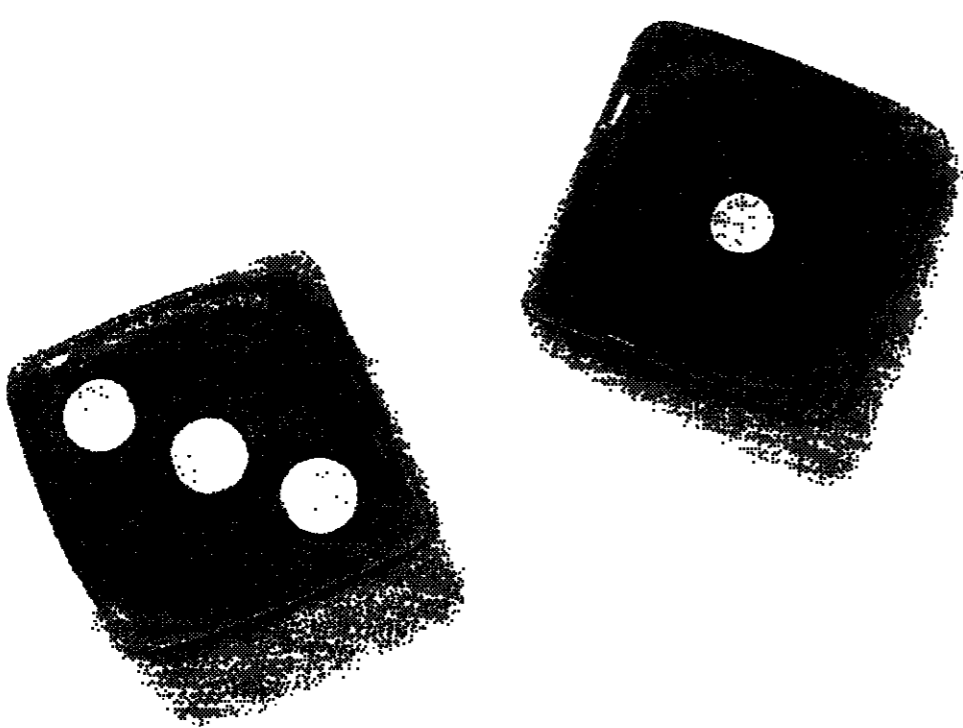
The fact that local government will not have to dip into its pockets was a big attraction of the Caspian

bid, says Mr Ed Anderson, executive director of development at Leeds city council. "The beauty of it is that, unlike earlier proposals, there's no request for council funding," he says.

The arena is expected to boost the local economy further by creating about 300 full-time jobs, and generate employment indirectly for another 800 people.

Finally, there are the intangible benefits, such as improvements in Leeds' status. As Anderson puts it: "There has been a gap in the city's asset base and it's been an aspiration for several years to have an arena. We're hoping it will bring a lot of profile to Leeds."

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They were not, as the week began, the happiest couple of days I have spent in Paris. Not because of the steady drizzle of rain, which does nothing for the joy of life on the boulevards, but because of an unremitting downpour of lumpy choreography owed to William Forsythe and John Neumeier, which does nothing for the joy of dancing.

At the Théâtre du Châtelet, Forsythe's Frankfurt Ballet was making its customary summer visit. The season's novelty was *Sleepers Out*, a corporate effort by Forsythe and seven of his dancers, incomprehensible as to title, and as sulkily uncommunicative as anything I have seen Forsythe make in the past. The ingredients are those we have seen before with the Frankfurt troupe - the piece, indeed, seems a corporate conceit about "what we like to do on stage".

There is an omnipresent feeling of gloom. Four girls gabble. Video projections and tiny slogans are manifest. The sound-track grates on the ear.

Dance goes to the guillotine

Clement Crisp suffers some costive choreography and a butchered classic in Paris

The setting is a place of desolation. The dancers indulge in those self-contained, self-centred activities that look as if movement has knotted itself irrevocably inside their bodies and can find no way out.

Pretensions, intellectually costive, it is dance as a form of added theorising about the nature of vision, of space, of time. It is peculiar and awful, and will - I venture - eventually disappear up its own deconstructed fundamentals. I record that it was greeted by its devoted audience with enthusiasm. The tragedy for me is that Forsythe can make dance of an aggressive and fascinating power. But neither he nor his acolytes have done anything in this new work but strike Frankfurt attitudes - alienated, embattled, dull.

Rather more serious, and far more disappointing, was the new *Sylvia* that the Paris Opéra Ballet commissioned from John Neumeier, which had its premiere on Monday night. In a self-righteous programme-note, Neumeier declares that it is "normal to keep a certain distance from the music and rid the work of its 'operetta' elements which have seduced certain choreographers". If only Neumeier had allowed himself to be seduced! And not kept his distance. We would have been spared a score severely cut (but bolstered with interpolations from Delibes' early *La Source*), and one misinterpreted to support an added scenario and choreography both harsh and unyielding.

Delibes' miraculous score (Tchaikovsky, rightly, preferred

it to the *Ring* cycle) is the ultimate "musique dansante", whose effortless melody, rhythmic vitality, luscious textures, positively invite dance. It is one of the masterpieces of 19th century music. Its original narrative was pretty, very much in the *école pompier* manner, and none the worse for that. (Ashton showed that it could work in one of his greatest ballets.)

Neumeier has substituted an awkward updating, with Sylvia awakened to passion by Cupid (who is also the villain Orion, who seduces her, and an obliging shepherd) and returning after a passage of years to find her true love Aminta, although she is - apparently - now married to someone else. Pahl

If the narrative is clogged with excess mythic baggage, the dance is so resistant to the score's beauties, so mannered in its modernities, so devoid of feeling or even good old-fashioned sparkle, that it seems downright cruel in its determination to reject Delibes.

Visually the piece is also a muddle. The sets by Yannis Kokkos are massively simple. The Garnier stage becomes a green box containing only massive blue trees and a blue rock for Act 1. A white box with a monumental classic male torso is the setting for the first scene of Act 2 - a ball-room of glacial charm - while the second and final scene is the forest in winter. (Neumeier has condensed the action as he has butchered the score.) Clothing is modern

and largely hideous. Diana and her henchmen are got up like the Lesbos Home Guard. Sylvia returns in the final scene in an ochre New Look outfit that suggests she is someone's concubine. Cupid is very cute in red dungarees and baseball cap.

Faced with this, the Opéra dancers labour with all their prodigious skills. To read the cast-list is to salivate in anticipation. Monique Londeix is Sylvia; Elisabeth Platel is Diana; Manuel Legris is Aminta, who loves Sylvia; Nicolas Le Riche is Cupid; Orin and Thyrsis, José Martinez is Endymion, Diana's beloved. These peerless artists do everything except recite. *Excelsior* is an attempt to make sense of what they have been given. Londeix suffers

beautifully. Platel, once rid of an Amy Johnson helmet, is commandingly beautiful and dominating, and looks stunning in white tie and tails, as she does in black velvet (please don't ask why). Legris agonises, and is a marvel. Le Riche, that phenomenal talent, has a different walk, even a different physique, for each role. Martinez begins the ballet asleep by the blue rock, and must play the somnambulist throughout, save when trapped in a duet in which he has to partner Platel while both lie on the floor. It amounts to persecution. The corps de ballet are elegant, high-stepping, and get the best choreography of the evening. Finally, the curtain falls - like a guillotine-blade on Delibes' beautiful ballet.

Re-doing the old classics (and *Sylvia* has an honourable identity at the Opéra) is a dangerous game. It is one totally lost in this new staging. Let us have back the charming version that Lyette Darsonval danced and then re-mounted at the Opéra. It honoured one of the masterpieces of French music. It honoured French ballet.

Opera/Richard Fairman

Return of the ageless heroine

If only prima donnas could live for ever. They could study to make themselves perfect vocal technicians and still be beautiful and shapely - like Emilia Marty, the ageless 37-year-old heroine of Janáček's opera.

When Glyndebourne decided to put on *The Makropulos Case* at last year's festival, they chose to give the all-important title-role to Anja Silja, a living legend of the operatic stage. This season the production is back and Silja is back with it. It is difficult to imagine the opera at Glyndebourne without her: the casting department would surely go into a spin, like a film director finding out that Garbo or Dietrich would not be available.

There were a few gasps around my seat when she let fly with her full voice in the last act. Audiences in the Susssex Downs do not often get to hear a Wagnerian dramatic soprano in full battle-cry, even an ex-Wagnerian like Silja, and it makes an impressive sound in a medium-sized theatre like this. Never mind the slow wobble: the voice is still mightily authoritative and actually seems in better condition now than when I first heard her more than 20 years ago. That must be the Emilia Marty effect.

To be fair, there have been other sopranos who have made a name for themselves in this glittering role, not least Elisabeth Söderström, when she appeared with Welsh National Opera in the early 1980s. It may have been difficult to hear her over the orchestra, because her voice was two sizes too small, but as a piece of acting her Emilia Marty was unforgettable in its complexity and fascination.

Silja just walks on, a living icon, and stands there. But she radiates a charisma that is positively nuclear and anybody else on stage who comes within a few paces of her risks third-degree burns.

That is not to say that Glyndebourne has not

assembled a good supporting cast. Donald McIntyre makes a tough adversary for her as Jaroslav Prus, although he does not sound happy singing Janáček: there is too much pushing as he manoeuvres the voice around to find the notes, which grates on the ear.

By contrast, Kim Begley makes the horribly high tenor role of Albert Gregor sound easy. Andrew Shore and Anthony Roden are very able as the legal team, Dr Kolenaty and his clerk Vitek. Manuela Kriskak makes a sweet Kristina and Christopher Ventris works hard to look and sound wimpy as young Janek, if without complete success. In his five minutes as batty old Hauk-Sendorf, Robert Tear, as resourceful as ever, does his best to steal the show.

All of them would have benefited from getting to hear a Wagnerian dramatic soprano in full battle-cry, even an ex-Wagnerian like Silja, and it makes an impressive sound in a medium-sized theatre like this. Never mind the slow wobble: the voice is still mightily authoritative and actually seems in better condition now than when I first heard her more than 20 years ago. That must be the Emilia Marty effect.

It all adds up to a powerful revival of Nikolaus Lehnhoff's original production. Despite its clever references to the passing of time, I happen to think this staging gets no nearer to the heart of the subject than the others of recent years, but that is no reason to hold back. If you are interested, see it now. Despite what Emilia Marty tells us, good nights at the opera do not last for ever.

Revival sponsored by the estate of the late David Whitbread.



Living legend: Anja Silja as Emilia Marty in Janáček's *The Makropulos Case*

Sponsorship/Antony Thorncroft

Fashionable money

On Tuesday the Tate Gallery held its centennial gala. Being the Tate, probably the most successful fund-raising institution in the UK (after Glyndebourne), there was a money-making angle to the evening.

The gala was sponsored by Chanel, and around £300,000 was raised towards the Tate Gallery of British Art, which is what the Tate on Millbank becomes after its 20th-century collection moves down the river to the new gallery at Bankside in 2000.

Chanel, which must have spent almost £100,000 on the evening, is a new supporter of the Tate and joins another fashion house, Hugo Boss, which is currently backing the Ellsworth Kelly show, in supporting an arts institution which offers a smart, contemporary image with wonderful opportunities for corporate hospitality.

Like most museums, the Tate cannot mount exhibitions without money from sponsors. It has just added a Mondrian show to its programme - from July 25 - thanks to AT & T, which has come up with the £100,000 needed to bring the paintings from Holland. The big autumn show, of Rossetti and Burne-Jones, is made possible thanks to the Prudential.

But it was ever thus. Also at the Tate this week was the opening of Henry Tate's Gift, a display which traces the history of the museum back to the generosity of Sir Henry Tate, who got things rolling by presenting his collection of contemporary art (including Millais' "Ophelia" and Waterhouse's "Lady of Shalott"), and much of the money for the building: hence its name. Naturally this show was sponsored by Sir Henry's other legacy, Tate & Lyle.

There is no more certain way of achieving immortality than generously endowing a museum or art gallery, which then takes your name. The museum of modern art on Bankside could become Your Museum of Modern Art if you contributed around

£20m. to its rebuilding. The V&A is happy to name its new Spiral building after you, or your company, in return for a similar sum.

But for a much more modest amount you can become famous in north London as a cinema. The Tricycle Theatre at Kilburn is turning itself into an arts complex by constructing a cinema. The lottery has put up £2.2m, but director Nicolas Kent still needs to raise a further £300,000.

One idea is to offer the name of the cinema for three years to the highest bid. Swift Call, the Irish telecommunications company, got things underway with a tentative £50,000. An anonymous local publishing group has upped this to £54,000. Kent would like £70,000.

For an even more modest outlay of £950 you can have free seats to the cinema for four years - and take nine friends. A luxurious members-only box with 10 seats is being built into the 280 seat cinema and 300 companies, or individuals, are being sought to fill it.

The expectation is that with 21 screenings a week there will be room for everybody. When the cinema opens in the autumn of 1998 the Tricycle will finally live up to its name - as a theatre, a cinema, and an art gallery.

At one time BT was the largest corporate arts sponsor in the UK, with a budget of £2m a year. In the past 12 months it has spent nearer £1.5m, and announced no initiatives, as new managers assessed the value of its commitment.

Now sponsorship manager Roger Broad has been given a modest go-ahead for new projects - or rather the revival of an old one, the BT Biennial. This involves BT commissioning a new play from a successful writer (past playwrights include John Gielgud and Peter Wilson) which is then offered free to amateur theatre companies throughout the UK: they get the chance to hold a world premiere.

This year's planned Bien-

nial was a victim of the policy freeze but it will now go ahead in October 1998. This time three playwrights will be asked to provide works, to allow the drama groups more choice. Already almost 200 companies have signed up for the project, which costs BT a modest £20,000.

The arts has an interesting new sponsor. Draught Bass. The brewer has finally realised that a bottle of bass has been represented by some of the world's leading artists: it features prominently in Manet's "Bar at the Folies-Bergères", and was frequently portrayed by Picasso and Braque in their Cubist paintings: even Warhol painted a bottle.

Bass is also aware that its ale appeals mainly to the male and the middle-aged. In an attempt to embrace younger drinkers it is investing £50,000 over the next six months in trendy art exhibitions. It is an approach which has worked for other brewers: notably Beck's, which has supported shows by Damien Hirst and Gilbert & George, among others.

So Draught Bass is the unlikely backer of "Assuming Positions" at the ICA from July 12, a show which attempts to blur any distinction between art and other forms of creativity, like fashion, music and advertising. It is also involved in "We Love You", a collaboration between contemporary artists and musicians.

Yesterday another brewer, Guinness, announced the biggest ever arts sponsorship in Northern Ireland, £300,000 over four years, to help launch a revitalised Belfast Festival in November. Star visitors will be the Merce Cunningham Dance Company, Alfred Brendel, Robert Wilson with a new work, and the National Theatre of Craiova, Romania.

With poetry the new rock and roll Mischon de Reya are obviously ahead of the game with its appointment of a poet to live on its London solicitors office. This is taking the government's drive for access to the arts to the very limit.

INTERNATIONAL ARTS GUIDE

BAD KISSINGEN

CONCERTS
Kissinger Summer Festival
Tel: 49-971807110
● Vladimir Válek conducts the Czech Philharmonic in works by Smetana, Prokofiev and Dvorák; at the Regentenbau; Jul 4
● Panocha Quartet: with Andrés Schiff in works by Dvorák at the Tattersall; Jul 5
● Royal Philharmonic Orchestra: conducted by Thomas Sanderling in works by Haydn, Dvorák and Brahms; at the Regentenbau; Jul 5
● Violinist Christian Tietz and pianist Laila Ove Andesens perform works by Beethoven, Ravel and Debussy; at the Kleiner Kursaal; Jul 5
● Royal Philharmonic Orchestra: in works by Beethoven, Britten and Haydn, with piano soloist Barry Douglas; at the Regentenbau; Jul 6
● Roberto Abbado conducts the Munich Radio Orchestra in a programme of arias, with soprano Gabriela Benacková and tenor

Alfredo Portilla; at the Regentenbau; Jul 9

CHELTENHAM

CONCERTS
Cheltenham Festival
Tel: 44-1242-227979
● BBC Philharmonic: conducted by Vasily Sinaisky in Brahms' Symphony No. 1 in C minor, a new work by John Buller and Tchaikovsky's first Piano Concerto, with pianist Boris Benzonovsky; at the Town Hall; Jul 5
● RNCM Wind Orchestra: conducted by Tim Fiehl in works by Mendelssohn, Sallinen, Strauss and Mozart; at the Town Hall; Jul 6
OPERA
● La Bohème: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 8, 9
● Die Fledermaus: by J Strauss, sung in English by the European Chamber Opera; at the Everyman Theatre; Jul 10, 11

DROTNINGHOLM

OPERA FESTIVAL
Drottningholms Slottsteater
Tel: 46-8-4570800
● Euridice: artistic director Per-Erik Ohm has chosen two of the first operas ever written for his first year at the festival's helm. Jacopo Peri's opera dates from 1600 and is its Swedish premiere. Produced by Karl Dunér, and designed by Peder Frell, with the Drottningholm Theatre Orchestra conducted by

Jakob Lindberg; Jul 5, 8, 9, 11

GRAZ

CONCERTS
Styriarte Festival
Tel: 43-316-825000
● Lamento: the "Red Byrd" vocal ensemble performs a programme around Monteverdi's *Lamento d'Arianna*; at the Schloss Eggenberg; Jul 6
● Nikolaus Harnoncourt conducts the Chamber Orchestra of Europe in the complete Brahms symphonies, presented as a cycle for the first time, as the Beethoven and Schubert symphonies have been presented here in the past. Symphonies 1 and 2 are performed on 4th and 9th; 3 and 4 on 7th and 10th; from Jul 4 to Jul 10; at the Stefaniensaal

LONDON

CONCERTS
City of London Festival
Tel: 44-171-638-8891
Bernstein: *A White House Cantata* - Kent Nagano conducts the London Symphony Orchestra in Bernstein's reworking of the score of his unsuccessful musical, 1800 Pennsylvania Avenue; at the Barbican Hall; Jul 8
OPERA
Royal Opera House
Tel: 44-171-304 4000
Simon Boccanegra (1857): British stage premiere of this, the original version of Verdi's opera, Mark Elder conducts, Ian Judge directs. Sergei Leiferkus, Plácido Domingo and Kallan Esparian star;

Jul 4, 8, 10

London Coliseum
Tel: 44-171-632 8800
Don Pasquale by Donizetti. Revival of last season's English National Opera production, directed by Patrick Mason. Richard Angas sings the title role; Jul 4

DANCE

Royal Opera House
Tel: 44-171-304 4000
The Royal Ballet: mixed programme includes Tchaikovsky's *Swan Lake* and William Forsythe's *Stepas*. Symphony in C, choreographed by Balanchine to music by Bizet. The final performance will be the last ballet at Covent Garden before the theatre closes for renovation; Jul 5, 9

EXHIBITIONS

National Gallery
Tel: 44-171-633 3321
Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

NEW YORK

CONCERTS
Lincoln Center Festival 97
Tel: 1-212-575 5000
● New York Philharmonic at the Avery Fisher Hall. Conducted by Kurt Masur in the first of three programmes celebrating the work

of Ornette Coleman, whose octet Prime Time joins the orchestra in a performance of *Siles of America*; Jul 8, 9
● Ornette Coleman: with Charles Haden and Billy Higgins plus guests, Avery Fisher Hall; Jul 10
● Ornette Coleman and Prime Time with dancers, rap and video artists in a special expanded version of *Tone Dwellings*; Avery Fisher Hall; Jul 11

EXHIBITIONS

Metropolitan Museum of Art
Tel: 1-212-879 5500
The Glory of Byzantium: exhibition celebrating the Second Golden Age of Byzantine civilization from mid-9th to mid-13th centuries; to Jul 6

SANTA FE

OPERA
Santa Fe Opera
Tel: 1-505-986 5900
● Così Fan Tutte: Kenneth Montgomery conducts Mozart's opera, sung in English, in a new production directed by Nicoletta Molnar and designed by Bruno Schwengli; Jul 4, 11
● La Traviata: Linda Brovsky directs a new production of Verdi's opera, set in the Parisian demi-monde and conducted by John Crosby; Jul 5, 9

SCHLESWIG-HOLSTEIN

CONCERTS
Musik Festival
Tel: 49-431-587080
● NDR-Sinfonieorchester:

opening concert of works by Schoenberg and Mahler conducted by Herbert Blomstedt; with soprano Karan Armstrong; at the Musik- und Kongresshalle, Lübeck; Jul 5, 6

● The Camerata Academica Salzburg: performs a programme of works by Mozart and Schubert, conducted by Jordi Savall; at the Schloss, Kitz; Jul 7, 8

OPERA

● Moses and Aaron: by Schoenberg. Co-production between Oper Leipzig and the Nationaltheater Weimar, in a staging by George Tabori, with sets by Gottfried Pitz. Matteo de Monti is Moses, Hans Aschenbach is Aaron. George Alexander Albrecht conducts the Gewandhausorchester Leipzig; at the Staatsoper, Hamburg; Jul 9

TANGLEWOOD

CONCERTS
Tanglewood Festival
Tel: 1-617-931 2000
● Zdenek Macal conducts the Boston Symphony Orchestra in works by Brahms and Mozart, with piano soloist Garrick Ohlsson and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 5
● Boston Symphony Orchestra: conducted by Seiji Ozawa and John Williams in a programme of works by Rouse, Barber and Copeland, with violinist Gil Sheshan and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 6

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COMMENT & ANALYSIS



Philip Stephens

No hard labour

Blair's government has made a good start, gliding over its first hurdles, but the real test will come in adversity

Two months in and we know more than we could have expected of the character of Tony Blair's administration. It has glided over its first hurdles. A peace treaty has been signed with Europe; a Budget has been blessed by the financial markets; Hong Kong has passed to China without incident. Peer closely and you can also make out the rocks scattered across the road ahead.

We will return to those in a moment. For now, the honeymoon continues. The nation's delight at its ejection of the Conservatives still makes the political weather. Rarely has a governing party been so ruthlessly reduced to irrelevance, never before has an electorate so exulted in the exercise of its prerogative. The laying bare of more Tory sleaze in Sir Gordon Downey's report yesterday on the cash-for-questions affair is further vindication of the voters' judgment.

Mr Blair, though, has also made his own good fortune. Even as they determined to depose John Major, there were plenty of voters harbouring doubts as to whether in the event Labour would be half as "New" as it promised. In eight short weeks the anxieties have been largely exorcised. Sure, the prime minister has bent the odd plebeian but mostly he has governed as he campaigned.

Mr Blair was fearful too that a party so unpractised in operating the levers of power could quickly gain a reputation for incompetence and indecision. In the event, the charge has not even been laid. If there is a criticism that strikes home, it is the reverse. New Labour has already acquired something of a swagger.

The risks that the economy will be blown off course during coming months are real. Gordon Brown, author of this week's Budget, knows no

more than the rest of us whether the boom will inevitably lead to bust. As for the slow strangulation of manufacturing by a vastly overvalued pound, he has told us that too lies with the gods.

I include myself among those who believe the chancellor should have done more to persuade consumers to keep their wallets in their pockets. You do not have to believe in fiscal fine-tuning to advocate a role for taxation in rebalancing the economy.

But the significance of the Budget lies elsewhere. It spoke eloquently to a different concern. Had New Labour really eschewed its profligate past? Could a party of the centre-left define itself outside the old trammelines of more spending and higher taxes?

Both questions have now been answered in the affirmative. The overall Whitehall spending targets for the next two years may be a triumph of optimism over experience. Yet no one could accuse Mr Brown of imprudence in the setting of the limits on public borrowing or in the economic assumptions on which they are based.

As to New Labour's political mission, it is there in the Budget's welfare-to-work programme. Inclusive-

ness is the word that counts. One Nation social democracy is another way of putting it. Mr Brown is not alone in bringing a different set of values to his post. At the Home Office Jack Straw sounds as tough as any Tory on the need to catch and punish more criminals. But he has found room too for the best instincts of liberalism. Incarceration is no longer spoken of as an act of almost pleasurable vengeance. And even within a strict immigration policy, Mr Straw has found scope for touches of humanity.

The pivotal relationship, though, is that between prime minister and chancellor. Ask those who know these things who is closest to Mr Blair, and Mr Brown always heads the list. (Those interested in these hierarchies will be intrigued to know that Alistair Campbell, Mr Blair's ever-present press secretary, is now widely viewed as the second most influential member of the government. Peter Mandelson and Derry Irvine occupy the slots just below.)

The Budget was Mr Brown's creation. Its contents were discussed with Mr Blair many times over many months. There were occasional tussles about what was required to keep faith with middle England. There has also been occasional irritation in No 10 about the over-promotion of the chancellor by some of his acolytes.

Mr Blair is content, though, to leave the economy to Mr Brown's hands, going so far as to cede to the chancellor the traditional prime ministerial chairmanship of the cabinet committee on economic affairs. The two men both live over the shop in Downing Street. They often see each other two or three times a day. And Mr Blair is self-confident enough in his leadership to be unconcerned that the chancellor's

reach already extends across several other Whitehall departments.

That will change. As time passes Mr Blair will take a closer interest in the economy. All prime ministers do. They recall that their own title as the Treasury's First Lord was not always an honourific. So conflicts are inevitable. But for now, he has no other ally in the cabinet so closely attuned to his own ambitions. Each draws strength from the relationship.

So what, setting aside the clouds on the economic horizon, might intrude on this euphoric interlude? Not, in their present condition, William Hague's troops in the House of Commons. The Tory party is still trapped in the vast shadow of defeat.

No, opposition will come first from the House of Lords. So far, their lordships have kept their powder dry, but the battlements are already being drawn over the big issue of devolution for Scotland and Wales and over the smaller but emotive ones of gun control and fox-hunting.

There is unrest looming too within the cabinet. In his largesse towards health and education, Mr Brown gave the only good news he had to offer on public spending. Every other department is a loss. I wonder how many of the chancellor's colleagues have noticed the upward revision of the Treasury's inflation forecast. It happens to leave them with spending settlements even tighter than those intended by Kenneth Clarke.

Then, of course, there are events: by definition unpredictable, but sure to be destabilising. So politics are destined to get more rather than less interesting. Mr Blair deserves the initial plaudits, most of them anyway; Mr Brown too. But the only certain test of a government is how it responds to adversity.

LETTERS TO THE EDITOR

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EPA air quality standards not justified by hard science

From Mr Jerry J. Jasinski

Sir, Your sanguine editorial "Air quality" (June 27) about the US Environmental Protection Agency's new air quality standards was characterised by a sweet but naive optimism. Unfortunately, this optimism is unjustified by either the content of the proposal itself or the insistent, dogmatic manner in which it was promoted by EPA administrator, Carol Browner, and her associates.

The new air quality standards, which are designed to tighten restrictions on ozone emissions (smog) and fine particulate matter (soot), will do serious harm to the US economy, costing tens of thousands of jobs and impeding business growth. In addition, they are simply not justified by hard science, Mrs Browner's repeated state-

ments to the contrary notwithstanding. White House science adviser, John Gibbons, said last autumn that the ozone standards suffer from a lack of review and analysis. "I find it hard to believe that we would suffer more than we would gain by taking more time," as he put it. And Dr George Wolf, head of Mrs Browner's own scientific review panel, said in US Senate testimony in February that there is no known biological mechanism for the influence of fine particulate matter on human health.

As to costs, Alicia H. Munnell, of the president's Council of Economic Advisers, has estimated that the ozone restrictions alone could cost up to \$60bn annually. Cities would be denied needed federal assistance as they fail to comply with the new rules, a

concern manifested in the opposition of 1,000 mayors nationwide to implementation of the new standards.

An unusual coalition of industry and organised labour has joined forces to fight the new standards. Hundreds of senators and members of Congress have also expressed disapproval. Yet their concerns were dismissed by a White House more concerned with fulfilling an ideological agenda than balancing the need for environmental safety with the need for job creation and economic growth.

Jerry J. Jasinski, president, National Association of Manufacturers, 1331 Pennsylvania Avenue NW, Suite 1500 North Tower, Washington DC 20004-1790, US

Use forests as 'sink' for greenhouse gases

From Mr Axel Hörhager. Sir, Regarding the debate on industrial and anthropological sources of carbon dioxide (Dr Rupert B. Pearson's letter, June 27), it is heartening to learn that attention is finally beginning to be paid to the issue. It is rightly pointed out that combustion and cement making are not the only sources of CO₂.

Further large "anthropogenic" sources are simply respiration by man and his large livestock herds, and these of course are proportionate to the population of countries.

However, the way this has been handled by climate scientists is to assume that, for every gram of CO₂ released by biological processes,

there is a natural counterpart somewhere of plants fixing (removing) CO₂ from the atmosphere, and thus on this level biological CO₂ balances cancel out. However, there is one fact to remember: land presently used for agriculture could, in the absence of such use, be dedicated to forestry, which permanently sequesters (removes) CO₂, and thus is effectively a permanent sink for this greenhouse gas.

Therefore, in international negotiations, the consideration of fossil fuel burning needs to be complemented by land use discussions. Countries with fewer people can afford more forests, and thus be credited with removing more CO₂.

This complexity is, incidentally, one reason why international agreements on greenhouse gases will be extremely difficult to reach.

Axel Hörhager, environmental economist, 174A rue de Kirchberg, L 1858 Luxembourg

Concern about UK Budget signals

From Professor Nick Bosanquet

Sir, There must be concern about the signals given by the UK chancellor's Budget measures affecting pensions and health insurance. By 2020 the state pension is likely to amount to 10 per cent of average earnings. At present people under 50 are going to have to rely on personal pensions, especially in a workforce where 20 per cent will be self-employed. The new measures reduce the returns on savings just when households at all income levels will have to save more and when actuarial projections are already discounting the returns on equities compared with the past 15 years.

There was certainly room for change to target the relief on health insurance premiums for elderly people more effectively, but its abolition is a move away from the mixed economy of care.

There is a good potential for new partnership between public and private sector to invest in more services for disabled and elderly people at home. The change will block off personal spending at a time when it is becoming clear the public sector cannot fund the extra services required for an ageing population. There is still time to build a new consensus on how to finance retirement and healthcare.

Nick Bosanquet, professor of health policy, Imperial College School of Medicine at St Mary's, Norfolk Place, London W2 1PG, UK

From Mr M.S. Bryant

Sir, In new Labour's drive to improve education attainment, the chancellor did his bit to sharpen up all taxpayers' arithmetical skills.

From 1999, the basic rate of tax for dividend income is

to be 10 per cent; for all other savings and interest income 20 per cent. Earned income suffers a reduced rate of 20 per cent and a basic rate of 23 per cent. Trusts will be taxed at 25 per cent on dividend income, but at 34 per cent on all other income. Higher rate tax continues at 40 per cent, unless it is charged on dividend income, when the rate is to be 32.5 per cent.

Then, of course, there's Corporation Tax at 31 per cent and 31 per cent, and VAT at 0 per cent, 5 per cent and 17.5 per cent, plus a multitude of other taxes with their own special rates.

Is there to be a prize, funded out of the windfall tax, for the first taxpayer to get his self-assessed tax return correct in 1999?

Michael Bryant, flat 2, 53 Cadogan Square, London SW1X 0HY, UK

Europa • Michael Stürmer

The bear at Nato's door

The further east the alliance expands, the more Russia might cause difficulties

When Nato pundits ponder next week's Madrid summit, at which Poland, Hungary and the Czech Republic are expected to be invited to join the alliance, they agree on one thing: the effect on Nato of expansion to the east is hard to predict.

The proposed expansion has already shown signs of straining relations with Russia. This has been reflected in the eagerness with which the Russians are mending fences with the Chinese, and in their defiance of the west by supplying missile technology to Iran, regarded by the US as a rogue state.

This has happened even though the western allies have offered Moscow several concessions. But at all costs Nato must not change beyond recognition. This could happen if the Russians were offered all but a veto on vital decisions or if Nato were watered down to become a body like the Organisation for Security and Co-operation in Europe.

The nations of central-eastern Europe, which hope that membership of Nato will provide reassurance for deep-seated fears, are in for a disappointment. Some will be exposed to renewed Russian pressure; others will join a different Nato from the one they had in mind. In theory, an enlightened Russia might conclude that a new era is dawning that will end centuries of uncertainty, during which it had been threatened by Poles, Swedes, the French, Germans and others. It might accept that it can now attend to strategic issues in the east and south of its still vast empire. In reality, however, it will take Russia some time to stop worrying and to learn to live with the western alliance.

Until then, Moscow might make more than a little mischief. The signing on May 27 of the Founding Act on

Mutual Relations, Co-operation and Security between Russia and Nato, designed to ease Russian anxiety about the alliance's expansion, was a useful step. But it was probably not the watershed in the relationship needed. Nato, as Lord Ismay, its first secretary-general used to say, was created "to keep the Americans in, the Russians out and the Germans down". Without the balancing weight of the US, the Europeans would still feel uncomfortable - cold war or not. The Germans have found their role, and they seem happy with it.

To define the role of the Russians, however, continues to present difficulties, especially when it comes to the new geopolitics of central Europe. The west does not see whether the future need is for integration or containment of Russia, or a combination of both.

It is likely this uncertainty will last for decades. The measure of success of Nato's expansion to the east must surely be whether Europe as a whole gains more security and reassurance, or loses on both counts.

In Moscow, old thinking - such as spheres of influence, or "near abroad" in post-Soviet terminology, and buffer zones - is not yet out of fashion. Fundamentally, the Russians find it difficult, even in the age of intercontinental nuclear missiles, to give up the time-honoured concept that more land means more security.

But is western policy really any clearer in defining

where Nato comes from and where it is heading? Is the objective to integrate Russia might and to civilise it? To hold Russia at bay, on the other hand, requires keeping it at a distance. In the first case, Article V of the Nato treaty, defining the defensive reflex of the alliance in case of armed attack, would be a closed chapter; in the second, it would still be the basis of defence planning.

This ambiguity in western thought is most visible in the numbers game - whether the Nato-Russia relationship in future will be described as "sixteen plus one" or "seventeen".

Knowledgeable Russians disclaim any fear of western military strength and, indeed, their objections to Nato's expansion are of a more fundamental kind - in fact more psychological than strategic. They feel excluded from Europe and pushed back into the Eurasian steppe.

Nato strategists should therefore cease their search for more compensation for Russia and instead address Moscow's real interests, in particular its need for an economic, financial and legal network in an equitable system with the west. The aim must be to bypass the entrenched feelings of old thinking within Russia without making more diplomatic concessions.

The chief interest of western Europe, apart from widening the west's strategic, economic and political role - its sphere of interest - is to

keep the Americans in Europe. However, to watch the US over-extend itself strategically would be as undesirable as to see it become too intimate with the bear. There are signs of both, and they should be taken seriously.

The US might find itself over-extended in responding to the changed geopolitics of the greater Middle East, or by the need to balance the growing might of China or contain a Korean crisis.

Too intimate a relationship, on the other hand, might spring from having to protect the security of the continental US against nuclear attack and from the need to convince the Russians that a wide interpretation of the anti-ballistic missile treaty of 1973, permitting trials, should be of concern to both of them. In both cases, the Americans will see the need to compensate the Russians and respect their perceived interests - even their paranoia.

One of the paradoxes associated with widening the Atlantic alliance is that, if the process were to end with Poland, Hungary and the Czech Republic, the result would look like a Russian victory.

For traditional Russians, the rest of central-eastern Europe might look like Russian turf. If, however, the process were open-ended, the Russians would find reasons to make trouble, divide the west and create pressure. Since 1990, Nato's objectives are no longer dictated by the old enemy. To tackle future challenges, such as peacekeeping, Russian co-operation will be essential. But, at the same time, the more Nato expands eastwards, the more Russia is likely to feel uncomfortable and make difficulties. Nato will need not only to show formidable leadership and cohesion to overcome this contradiction but also to make a sustained diplomatic effort.

To find a balance between integration and containment requires a long-term effort far beyond that of the Founding Act. The moral and strategic balance between western Europe and its big, unpredictable and somewhat difficult neighbour is at stake.



Boris Yeltsin, Russian president (right), with Jacques Chirac, French president, at the signing in May 1997 of the Founding Act on

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Friday July 4 1997

Transforming welfare

The government's welfare to work programme, if it works, will be seen as a turning point for Britain's welfare state.

Success would see the operation of the labour market improve. Young people, lone parents and the long-term unemployed would find they had new opportunities to earn and escape benefit. It would restore faith in government action – and in a social fabric that has become strained in recent years.

As the details slowly emerge, it is clear the government is getting much right. Using welfare to work to train childcare assistants and to insulate pensioners' pots gives two hits for the price of one. At best, it could create a virtuous circle whereby greater availability of childcare creates more jobs and simultaneously allows more lone parents to work.

But everything will depend on quality and commitment. Quality is required in the "gateway" training to be offered as a precursor to the subsidised private sector and voluntary jobs on offer. It is essential in the on-the-job training employers will have to give. And the scheme must provide constructive exit routes for those whose jobs do not become permanent, so that it does not acquire the dead-end reputation of similar programmes in the 1980s. This is an area where more work needs to be done.

Above all the scheme requires

a commitment from Britain's employers to make it work, in both their own and the public interest.

The best evidence on schemes such as these is that the best results come from real work with real employers rather than make-work on voluntary or environmental task forces. That is why the government needs to be cautious over the heightened level of compulsion it announced yesterday. Among the unemployed are alcoholics, drug addicts and social incompetents, whom private sector employers will do everything they can to avoid.

If they are not to cause trouble when dragged into work, the "gateway" programme will require serious investment to equip them for it. For these people the sanction of no benefit will not be the right answer. For the genuinely work averse, the tougher sanctions announced yesterday have their place. But they will need to be used with judgment and discretion. Otherwise they will cause more problems than they solve.

The government is lucky in the timing of its programme, launching it amid strong economic growth. Employers are lucky too. There is a chance here to take people many of whom they would have had to recruit anyway – but with government assistance in return for training. It is up to them as much as the government to deliver.

Floating baht

By agreeing to float the baht, the Thai government has bowed to overwhelming pressure. With an economy in the doldrums and excessive private borrowing, the high interest rates needed to maintain the dollar peg could not long continue.

Thailand, like Mexico in 1994, has combined an exchange rate pegged to the dollar with a large current account deficit and a highly indebted financial system. But more of Thailand's debt is owed by the private sector. Moreover, Thailand has sustained tigerish export performance and overall economic dynamism, which should make adjustment less painful.

Despite an initial precautionary rise, interest rates should now fall. Nevertheless, a floating exchange rate brings risks, above all to the financial sector. The government has suggested that bigger financial companies should take over the bad debts of their failing partners. But the risk of a spiral of default is now considerable, as borrowers struggle to service an overhang of foreign debt, made more expensive by the devaluation.

The extent of the baht's immediate fall and the position it ultimately reaches will largely determine the extent of the crisis. A modest devaluation would allow Thailand to escape Mexico's plight. The market's positive response to the devaluation suggests the situation is

not unmanageable. But the finance minister, Mr Thanong Bidaya, must also follow up the decisive step of floating the baht with other measures.

First, he will need to head off a possible financial sector crisis. The aim should not be to bail out individual companies that fall into difficulties, though the government could reasonably permit the offset of foreign exchange losses against tax. Its principal objective, however, must be to ensure the solvency of the banking system, which may require the government to assume a part of the banks' liabilities. Rightly, advice and assistance is being offered by the International Monetary Fund and the Bank of Japan among others. But a bail-out of Thailand's foreign creditors should be out of the question.

In the longer term, the banking system must be reformed. Domestic banks have been poor intermediaries, channelling too much money into property, thereby making the corporate sector over-reliant on foreign capital. Other countries in the region, such as the Philippines and Malaysia, should also heed the warning from Thailand and start reforming their financial systems urgently.

Thailand's decision to devalue was sensible. It must now take the action needed to ensure the currency and economy stabilise as swiftly as possible.

Bosnian choice

The outcome of the power struggle between the Bosnian Serb president, Biljana Plavcic and her predecessor, the warlord Radovan Karadzic, could determine both the fate of Bosnia and the exit strategy of Sfor, the 31,000 strong, multinational stabilisation force.

As for the multinational force was first charged with implementing the November 1995 Dayton peace accords. It succeeded in separating the warring parties. It has had less success in creating the political and economic conditions which would allow the US, British and French-led forces to withdraw without war resuming. This task is urgent: the mandate of Sfor, the slimmed down successor force, expires next July.

Reconstructing a complex, ethnically divided country shattered by a war which left 600,000 as refugees in EU countries alone, is a daunting challenge. Under the circumstances the achievements have been praiseworthy.

Most of the aid pledged for the first year of the Sfor international re-building programme has been disbursed. The federal parliament's recent approval of a "quick-start" package created a new central bank, a common tariff and customs regulations and other key financial institutions designed for both the Croat-Muslim federation and Republika Srpska.

"Quick-start" paved the way for this week's debt reduction agreement with London Club bank creditors and raised hopes for an IMF package which the European Union has made a precondition for this year's delayed aid pledging conference. It is a different story on the political front, however. The power-struggle between Mrs Plavcic and Mr Karadzic exposes one of the main obstacles to peace and prosperity: the continuing freedom of the warlords who fomented war in the first place and profited from the lawlessness which followed.

Mrs Plavcic remains a Serb nationalist. But she recognises that the Serb part of Bosnia is doomed to poverty and isolation as long as Mr Karadzic and his cronies control the police and enrich themselves from smuggling and other criminal activities.

There is a wider message for Washington, EU capitals and the non-Nato contributors to Sfor. Their troops will not be able to leave Bosnia without the danger of renewed and regionally destabilising conflict unless those preventing co-operation across the ethnic divisions are arrested and, where appropriate, sent to The Hague to answer war crime charges. This is a task which Sfor contributor nations have consistently ducked. Continuing to do so will carry a heavy price.

A jungle setting on the coast of Borneo may seem an improbable site for a high-technology experiment that could revolutionise the world's oil industry. But tucked away in a corner of Bintulu, a deep water port on the South China Sea, is the world's first commercial plant designed to turn natural gas into virtually pollution-free diesel, jet fuel and naphtha, a valuable chemical feedstock.

"It's not inconceivable that such a plant can be an alternative to a conventional refinery," says Mr Jack Jacometti of Royal Dutch/Shell, which operates the \$750m gas-to-liquid fuel facility.

The plant at Bintulu reflects growing belief in what has long been the oil industry's holy grail: to turn huge reserves of worthless remote natural gas – reservoirs too far from a market or too small to justify development – into an easily transportable high-energy liquid. Successful exploitation of the technology would allow oil companies to earn potentially billions of dollars from sleeping assets.

Bintulu, in Malaysia's Sarawak state, is a far cry from the conventional crude oil refineries that supply the world's growing need for transport fuels. Although natural gas is relatively low in energy potential, it is the cleanest hydrocarbon resource. Bintulu has none of the noxious smells common to refineries, while the 12,000 barrels a day (b/d) of crystal-clear fuel that emerge from miles of complex piping and pressure vessels contrast sharply with traditional black diesel.

Even the waste products – particularly foul substances at conventional refineries – are white, with the waxy consistency of face cream or petroleum jelly. Other by-products are water, which some Shell engineers claim is clean enough to drink, and a soot-like residue that can be used as a soil conditioner.

But gas-to-liquid fuel projects, which until now have not been seen as commercially viable, also pose potential problems for oil companies. Engineers believe further reductions in gas-to-liquid costs are inevitable. Conventional refineries could be made obsolete if governments took early action to insist on clean gas-based fuels. "The companies are scared to push [the technology] because governments might simply say this is the new fuel standard," says Mr Terry Le Roux, an industry consultant.

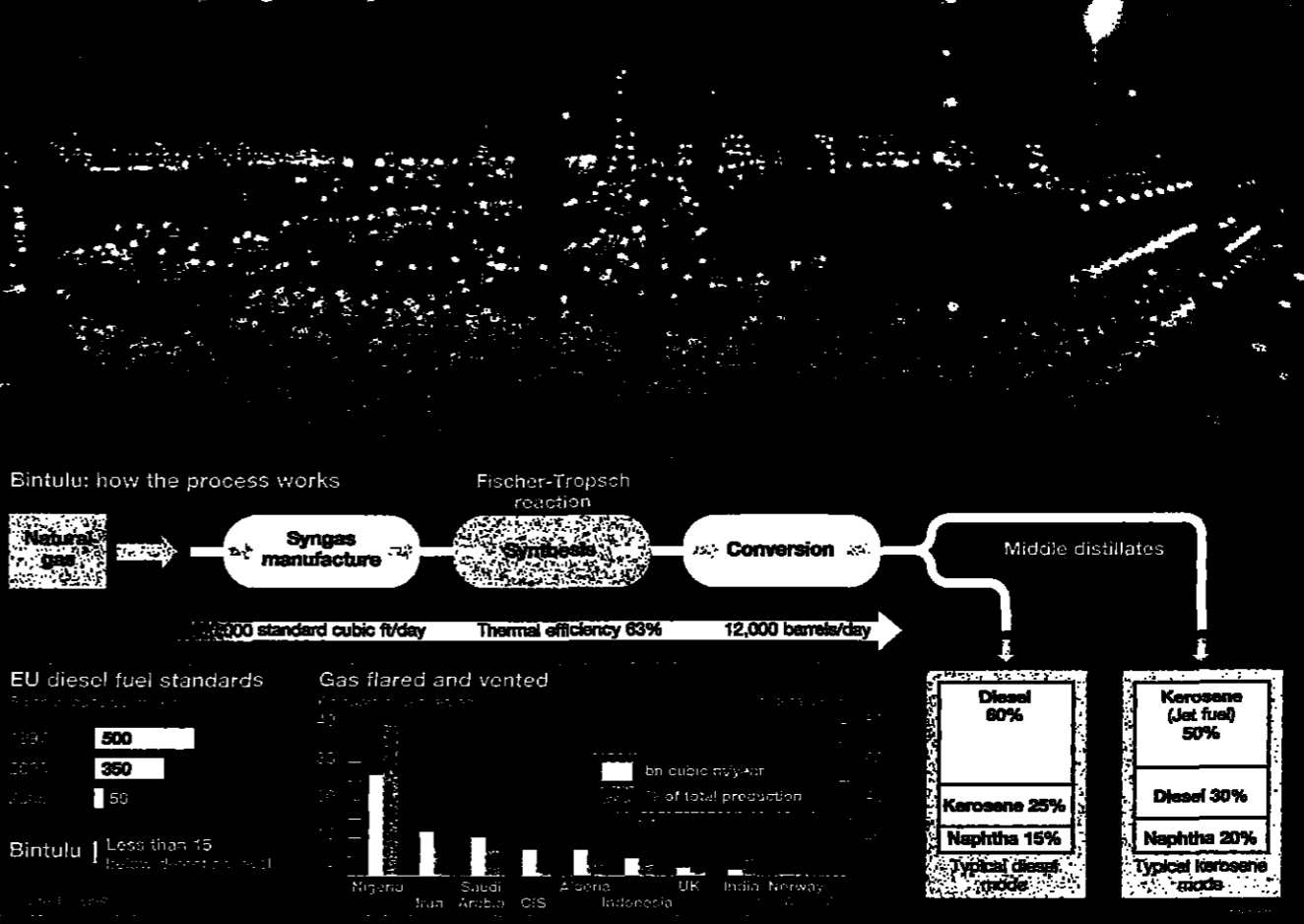
These fears have not stopped a flurry of activity this year among some of the world's biggest oil companies to position themselves in the gas-to-liquid fuels market. They are all seeking to use variations of a process based on the so-called Fischer-Tropsch technology developed by the Germans in the 1920s. During the second world war the German army, cut off from conventional fuel sources, used low-energy brown coal as the raw material to produce about 100,000 b/d of diesel to fuel its forces.

Exxon, the biggest US oil company, is in talks to build a large plant in Qatar, but is reluctant to talk publicly about its plans. The Gulf state is keen to develop new markets for its offshore North field, the single-largest gas reservoir in the world and among its

Gas into liquid gold

Technology to produce ultra-clean fuel could turn hitherto worthless gas reserves into billion-dollar assets, says Robert Corzine

Bintulu: a jungle experiment



cheapest sources of gas. Exxon is also considering a plant in Alaska to be built in conjunction with British Petroleum.

Statoll, Norway's state petroleum company, recently agreed with Sasol of South Africa to study whether its version of the process, developed during the apartheid era, could be adapted to offshore oil and gas platforms and production vessels. Sasol is also talking to Qatar about setting up a land-based plant.

Most of the other big oil companies are also investigating the technology. In the US, Syntroleum, a small Oklahoma-based company, has been aggressive in publicising technology that could be used on a smaller scale than that envisaged by Shell and Exxon. Syntroleum intends to offer this to bigger companies under licence. The small units would be particularly useful in ending the practice of flaring unwanted gas in offshore oilfields – one of the main contributors to the emission of greenhouse gases.

The key to commercial viability of gas-to-liquid fuel plants is the technology's modern innovations – especially the cobalt-based catalyst over which the gas is passed at high pressure and temperature. Shell engineers at Bintulu say that marrying new technology there to the Fischer-Tropsch process initially proved difficult but that the plant, which has been operating since 1993, is now working about 97 per cent of the time. "In the last three years we've learnt more than in the 15 previous years' research," says Mr Saw Choo Boon, managing director of Bintulu. Engineers say the lessons will provide big cost savings on future plants.

The pace at which these proliferate will depend more on economics than technology. "With \$20 oil prices [the 1996 average]

you have a fighting chance to realise such a project," says Mr Jacometti. But some industry analysts believe such plants could be viable with oil prices as low as \$15 a barrel if combined with a power station or desalination facility.

Sasol estimates the total cost of a facility at between \$25,000 and \$30,000 per daily barrel of production – or about \$300m for a 10,000-barrel-a-day plant. That is roughly twice the cost of a conventional refinery but, as Mr Caven Hill of Sasol notes, feedstock costs of a conventional refinery are between \$18 and \$19 a barrel; remote gas plants would only have to bear the cost of extraction.

Some expect the technology to proliferate quickly once the first plants have been built. "When it does happen, it will do so in a big way," predicts Mr Simon Blakey of Cambridge Energy Research Associates. A report by consultants Wood Mackenzie estimates that half the world's proven gas reserves are located in remote areas that cannot economically justify the construction of pipelines; they would, however, provide a substantial base for a gas-to-liquid fuel industry.

Until now, oil companies have viewed the discovery of remote natural gas as more of a nuisance than a resource. Unlike oil, which can be easily transported, gas requires a fixed infrastructure of pipelines or liquefaction plants and specialised shipping to take it to market.

As a result, gas discoveries made in the course of oil exploration were often hushed up. Inside British Petroleum the announcement of a dry well was often accompanied by the statement:

"The bad news is that we did not strike any oil, but the good news is there was no gas either."

Not surprisingly, there are no accurate estimates of reserves. Areas as diverse as the Middle East, Russia, Alaska, south-east Asia and Latin America all contain substantial amounts of remote gas. If the new technology makes such areas commercially attractive, the reserve figures are likely to grow quickly. Apart from areas close to markets, such as the North Sea or the US Gulf of Mexico, there has been little exploration aimed solely at discovering gas.

Although industrialised countries will probably prize most highly the quality of the fuels produced from the gas-to-liquids process, the technology may also allow developing or former communist countries to leapfrog investment in expensive conventional energy infrastructure projects.

Russia, with its vast gas reserves, might be able to save billions of dollars that would otherwise have been spent on upgrading oil refineries to produce clean, high-quality fuels. The use of gas to produce fuels would also free up oil for export. Bangladesh, where Shell is considering setting up its second gas-to-liquid fuel plant, has large gas reserves but imports much of its diesel fuel. Such a venture could lead to big balance of payments savings.

An indication of the high quality of the fuel is that, in terms of specifications, diesel at the Bintulu plant easily meets the world's toughest standards, imposed in California. Levels of sulphur and aromatics – elements that are at the centre of fierce debates in Europe and the US over what is an acceptable amount in fuels – are so low as

to be beyond detection. The diesel also has a very high cetane number, diesel's equivalent to an octane grading in petrol, which means drivers would enjoy much higher mileage than with conventional diesel.

The big question is whether such a high-quality fuel would command equally high prices. Some companies fear premiums might be short lived, although much would depend on whether governments created fiscal policies that encouraged the use of cleaner fuel. "The oil companies are slightly nervous about creating too many expectations," says Mr Jeremy Hudson, oil analyst at brokers Salomon Brothers in London.

In order to avoid undermining existing markets, some companies prefer to see the new fuel as a blending agent. This would be mixed with poorer quality, crude oil-derived fuels to make a more acceptable product.

However the fuel is introduced, the international oil industry finds itself in an unusual position: for once it is well ahead of the environmental debate. Traditionally the rule of thumb in the industry has been that companies which are first into new markets or technologies come out the biggest winners. Those companies that do not yet believe in the potential of gas-based fuel technology may have to ask themselves whether they risk being left behind.

CORRECTION

GE Capital

GE Capital has acquired car insurer Colonial Penn from Leucadia National, not Leucadia National itself as stated in yesterday's leader.

Norm's big bomber

Yesterday's deal between Lockheed Martin and Northrop Grumman is something of a homecoming: it was young Jack Northrop who designed Lockheed's first plane back in the 1920s, before taking off to start his own business.

Much of the credit for the reunion must go to Lockheed boss Norm Augustine, who's been preaching defence industry consolidation for the best part of a decade. In many ways the \$11bn merger is a fitting coda to Augustine's career in the firing line. This autumn the energetic 62-year-old – who was instrumental in the marriage of Lockheed and Martin Marietta in 1995 – is stepping down to teach engineering at Princeton, his alma mater. Not that he's likely to be taking it easy. The former Pentagon official's eclectic list of achievements includes penning "Augustine's Laws", a book of pithy management aphorisms, and designing a pocket calculator for baseball coaches.

Only three years ago, he was at loggerheads with Northrop Grumman boss Kent Kreska as Northrop beat Lockheed in the bitterly fought battle for Grumman. Now it's not clear what future mid-managed engineer Kreska will have in the

new set-up. Yesterday's statement just said he'd play "a strong role in the transition".

Bike-lateral

Amsterdam's mayor Schelte Paaji may have started a trend in international summitry when he sent European Union leaders wobbling off on bicycles during last month's EU summit. Yesterday saw German Foreign Minister Klaus Kinkel and visiting French counterpart Hubert Védrine pedalling along the banks of the Rhine. A tandem was considered, but rejected – well, how would you decide who sat in front?

Later, Kinkel seemed to be creating a tradition of his own when he took Védrine – like Britain's Robin Cook before him – for a noh-up at the select Kinkel-Stuben, across the Rhine from Bonn in Oberkassel. It's in a street called Kinkelstrasse, apparently named after a poet. Kinkel's guests won't be able to return the favour. The only Cook eatery in the London phone book is a pie and mash shop in east London, and the Paris directory shows no Chez Védrine.

Full pitch

French European Union commissioner Edith Cresson is waging a remarkable campaign

for her homeland, even by Brussels standards. The former French premier – not normally one to make her presence felt – has been vigorously lobbying fellow-commissioners to head off a proposal by competition commissioner Karel Van Miert to block state aid for SGS Thomson, the semiconductor maker part-owned by the French and Italian governments.

Austere Dutch Commissioner Hans van den Broek turned her down, in spite of a forceful reminder about a current state aid claim by Philips of the Netherlands. So did Italian commissioner Mario Monti. But German industry commissioner Martin Bangemann switched camps with such enthusiasm that he was asked to calm down during yesterday's noisy session of the commission.

Cresson interrupted a briefing with journalists after the meeting to take a phone call – from SGS-Thomson chief executive Pascale Pistorio.

Fujimori fête

Japan's rolling out the red carpet for Peru's president Alberto Fujimori, on his first trip to Japan since the hostage crisis at the Japanese ambassador's residence in Lima. Fujimori's Japanese ancestry has always stood him in good

stead in Japan, and ordering the storming of the residence has made him something of a hero.

Japanese prime minister Ryutaro Hashimoto wasn't such a big Fujimori fan at the time of the raid – he felt he should have been consulted. But his gratitude seems to have overcome his disapproval, and yesterday he handed Fujimori a juicy aid package. Fujimori will get a chance to compare notes with one old friend tonight – Morihisa Aoki, who was Japanese ambassador to Lima during the hostage crisis and was dismissed in May amid criticism of his lax approach to security. He's a fellow guest at a banquet hosted by Hashimoto, where he'll be able to tell Fujimori about his new job – he's to be ambassador in charge of African affairs, but based safely out of harm's way in Tokyo.

Damp start

There's been chaos in Hong Kong since Monday's handover. It's not China's fami rainstorms have caused landslides and floods. More are forecast over the next couple of days, so Observer hopes tomorrow's handover concert at the authority's main racetrack doesn't have to be called off, especially as top of the bill is British pop group Wet Wet Wet.

Financial Times

50 years ago

Call To 22 Nations
Paris, 3rd July. Following the last talk which Mr. Bevin had this morning with M. Georges Bidault, Great Britain and France will invite all the European countries – 22 altogether – with the exception of Spain, and including Turkey and Iceland, to a conference on the Marshall Plan in Paris on 12th July. Germany is not invited, but the Commissioners in Chief of the Occupation Armies will be consulted. The purpose of the conference will be to establish a programme for European reconstruction whereby the resources and needs of every State will be co-ordinated in accordance with free decisions made by every European country.

Effect Of India's Partition
New Delhi, 3rd July. Partition of India is likely adversely to affect India's import trade, it is asserted here. The Government's new import policy has linked imports to availability of foreign exchanges and this availability will decrease, as far as India is concerned, as soon as the Pakistan Government commences to withdraw. Pakistan is self-sufficient in food, it is claimed in League circles. India will lose present foreign exchange earnings from raw materials exports after separation of East Bengal.

Communism's bureaucratic legacy is still damaging trade

Eastern Europe brings down new barriers on EU hauliers

By Charles Batchelor
in London

Finnish customs officers this week began stopping all trucks from Russia comprising a Russian tractor and a foreign-registered trailer. The decision came a day after Russia began halting all Finnish trucks with non-Finnish trailers.

The incident is the latest in a series of arbitrary measures, unexplained tariffs and sudden changes at the Russian border which are causing growing concern to western transport organisations.

Delays of 70 hours or more at crossing points between the EU and eastern Europe are increasing costs and damaging economic growth, warns Mr David Green, president of the International Road Transport Union and director general of the UK's Freight Transport Association.

"Unfortunately people don't see it as affecting trade - they just see it as hitting the hauliers," he says.

The issue is worrying the European commission, which this year allocated an extra Ecu100m (\$113m) for cross-border infrastructure in central



Polish border delay: 'People don't see it as affecting trade'

and eastern Europe. The commission fears that the benefits of reduced delays on internal EU borders are being wiped out by hold-ups on external borders.

Mr Neil Kinnock, EU transport commissioner, and Russian transport minister Mr Nikolai Tsakh last week visited the Vaalimaa crossing point on the Russo-Finland border. Mr Kinnock said: "Huge delays remain at some Polish and other crossings due to byzantine customs procedures, deficient infrastructure and a lack of administrative

skills. This is becoming a matter requiring the most urgent attention."

The procedures encountered by truckers are often the result of a bureaucratic culture which remains intact despite communism's demise. "Organisations tend to be highly hierarchical and division lines between the branches of government and administrations are strict," said a recent German-Finnish study of the problems.

Officials are often poorly trained and and sometimes military personnel with no

customs training are manning the barriers.

Where information technology is used, its application is often haphazard. The Kozlovichi crossing point on the Polish-Belarusian border has computers but no printers, so the details of trucks must still be entered in three separate paper registers.

The situation is beginning to improve at some crossing points where - often with the help of European Union funds - more modern airline terminal-style customs points are being developed.

Modern customs halls at Swiecko on the Polish-German border and at Zahony on the Hungarian-Ukraine border have banking facilities, telephones, faxes and bathrooms.

But delays are not solely the responsibility of the customs authorities, the German-Finnish study concluded. "New trading companies and private hauliers in central and eastern Europe have recently started their business with few resources devoted to the preparation of the necessary paperwork," the report said.

EU Transport corridors, Page 4

THE LEX COLUMN

Aggressive defence

The US defence industry boasts more casualties than most battlefields. The latest is Northrop Grumman, maker of the B-2 stealth bomber, which is being swallowed by Lockheed Martin in an \$8.2bn all-share merger. Lockheed, the industry's pioneering consolidator, thereby strengthens its position as the leading military contractor - a clear response to the proposed combination of Boeing and McDonnell Douglas. Assuming both deals go through, each company will have annual revenues of about \$35bn, though a large slug of Boeing's will come from civil aircraft. For Northrop, given its smaller size and the Pentagon's apparently final decision not to buy any more B-2 bombers, it was clearly a case of not wanting to be the last spy plane caught out in the cold. That may explain why, at nine times enterprise value to earnings before interest, tax and depreciation, Lockheed does not appear to be overpaying.

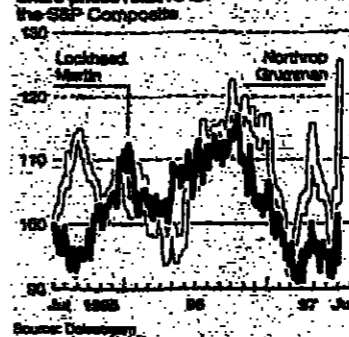
Surprisingly, perhaps, this deal should still slip by the regulators - though it may be the last of any size to do so. The overlap between the companies is minimal; and, given falling defence spending, the US authorities seem quite happy to have fewer, larger suppliers which can also strut on the international stage.

That, as ever, is the threat to the European defence industry, but one which governments like France's seem determined to ignore. Perhaps they will sit up and take notice when one of the US behemoths buys a European contractor.

Eurotrack 200 index
2998.8 (+46.0)

US defence companies

Share prices relative to the S&P Composite



tion, which should eliminate much of the valuation gap. Peripheral businesses from hotels to car dealerships are going and the African trading is being spun off, leaving shareholders with a cash-rich mining house. This would lack critical mass, but could be profitably sold off to the highest bidder, of which there would be many.

Certainly, JCI is keen to do a mining deal, but as a substantial shareholder it may offer uncompetitive prices. After all, its stake would carry enough votes to block an extraordinary resolution, which must strengthen its negotiating position on any Lonrho merger. That will be another reason for institutional investors to retain their Lonrho phobia.

UK markets

It would, just, be possible to make a bull case for UK equities on the basis of this week's Budget. But you would need to have had your head in the sand to believe it. Starting from the premise that Labour was red in tooth and claw, Mr Gordon Brown's pale pink offering could be regarded as a buying opportunity simply on the basis of a disaster avoided. Alternatively, the 80-point rally yesterday could indicate the belief that the UK economy is entering a nirvana of sustained growth and low inflation.

The reality, alas, is that his tax changes have sharply reduced the effective value of UK equities. Moreover, the chancellor's failure adequately to dampen consumer spending has increased the risks that the Bank of England will have to resort to the heavy artillery. And no amount of contortion can disguise

the fact that the abolition of pension funds' tax credits, higher-than-expected interest rates and a soaring pound spell bad news for equities.

True, the international backdrop of strong equity markets provides some support. And while absolute valuation criteria are starting to look stretched, UK shares do have some relative appeal - they have substantially underperformed European and US markets this year, and are on less demanding ratings. Still, a soaring pound and falling bond prices provide a more sober and realistic assessment of Mr Brown's Budget. It is unlikely that yesterday's rally represents the final word from the equity markets.

BAA/DFI

While BAA shareholders celebrate, they should not lose sight of what the company is up to. An unexpectedly lenient windfall tax bill is excellent news, less good is that the relief has evidently done nothing to dim the company's zeal to splash cash on diversification instead. Yesterday's \$870m bid for Duty Free International is worrying for a number of reasons. One is price: BAA is paying 25 times prospective earnings for this business, a stonking 50 per cent premium to DFI's share price at the beginning of last week. True, there is vague talk of achieving synergies - mainly from combined purchasing - of at least \$15m annually within three or four years. But that hardly justifies a \$220m premium.

In short, the deal has an unnerving "strategic" feel. And it is not as if the strategy is terribly compelling. Until very recently, BAA had no direct involvement in duty-free or indeed any significant retail business - it was merely a landlord. A successful, imaginative landlord perhaps, but a landlord nevertheless. Now it has given in to the temptation to run duty-free, losing the ability to play off competing providers against each other. And it is doing so on a disturbingly grandiose scale: one has to doubt, for example, whether BAA is really that well-qualified to run DFI's large and growing business on the US-Mexican border. Shareholders should be waking up to all the usual warning signs of a bored, over-resourced monopoly on a buying spree.

Additional Lex comment
on UK Industrials, Page 24

New HK leader in talks with Taiwan

By John Ridding in Hong Kong
and Peter Montagnon and
Laura Tyson in Taipei

Hong Kong's new leader, Mr Tung Chee-hwa, yesterday opened formal lines of communication with Taiwan in a meeting that underlined the potential role of Hong Kong in developing ties between Beijing and Taipei.

But at the same time, Taiwan president Mr Lee Teng-hui rejected China's recent unification overtures in the most provocative terms yet, stepping up the country's campaign to distance itself from the precedent of China's recovery of Hong Kong.

The idea of applying the "one country, two systems" concept to Taiwan was "wish-

ful thinking", he said, in a crushing dismissal of Chinese president Mr Jiang Zemin's call for reunification on those terms this week.

Using language calculated to irritate, Mr Lee described the Beijing government as being "hegemonic" in its approach to Taiwan, a word China itself uses to denounce the US. He flaunted his view that Taiwan - which he described as the Republic of China - had been a sovereign power for 86 years.

Beijing made it clear yesterday that contacts between Hong Kong and Taiwan would be kept under close control. The foreign ministry said "official contact, exchanges, negotiations, signing of agreements between the Hong Kong

Special Administrative Region and the Taiwan region must be reported to the central government for approval".

This drew criticism from Taipei, which accused China of stepping up political pressure. "They are using Hong Kong to squeeze our space," said a top China policymaker in Taiwan.

Mr Lien Chan, the prime minister, noted that, unlike Hong Kong, Taiwan was a de facto sovereign power with its own defence forces. "We have enough military deterrent capabilities to safeguard our security and sovereignty."

Mr Tung yesterday held talks with Taipei's top negotiator on mainland affairs and appointed a senior adviser to act as an intermediary in

Taiwan-Hong Kong relations. The discussions with Mr Koo Chen-fu centred on Taiwan's status in Hong Kong.

Mr Lien admitted there was concern in Taipei about how its representatives in Hong Kong would be treated now the handover was complete.

Speaking after yesterday's meeting in Hong Kong, Mr Koo said the two sides had agreed to strengthen ties, and that relations in trade, finance and culture should be expanded. Hong Kong is already the main conduit for Taiwanese investment on the mainland, while

Officials also signalled that the Chung Hwa Travel Service would be maintained as Taiwan's official representative office in Hong Kong.

Lockheed buys Northrop France may raise taxes

Continued from Page 1

consolidation of the US defence industry is nearly complete.

The acquisition of Northrop "gives us staying power and considerable strength," he said.

"The next step will be expansion internationally." He added that the four-year bout of mergers had left the US with a "smaller number of very strong competitors in the

international marketplace". Lockheed, which was advised on the acquisition by Bear Stearns and Lehman Brothers, said it had offered 1.1923 of a share for each Northrop share.

Lockheed stock slipped \$3½ yesterday morning in New York, to \$100½, after the company said the acquisition would dilute its earnings per share in the first year. Shares in Northrop, which was advised by Salomon Brothers, jumped 23½, to \$112½.

Continued from Page 1

level, saying there were three other Maastricht criteria which the country met perfectly.

Meanwhile, Mr Jean-Claude Juncker, Luxembourg's prime minister who holds the European Union presidency until December, said he favoured flexibility, rather than Mr Kohl's strict interpretation of the Maastricht criteria. Mr Strauss-Kahn said economic

growth was likely to be 3 per cent at the end of 1997, and confirmed that the results of an audit of the public sector finances, due on July 21, would be "serious". He hoped the budget deficit would be as little as 3.4 per cent of GDP, but confirmed some estimates had placed it at 3.8 per cent.

He said he wanted to reduce the deficit by "as much as the French economy can support", indicating it could be several tenths of a percentage point.

FT WEATHER GUIDE

Europe today

Unsettled conditions will continue over much of north-west Europe. Showers and even thunderstorms are expected in the Low Countries and much of France. Germany should be free of most of the showers. Farther east, widespread showers and thunderstorms will develop over Poland, the Czech Republic and the Alps. In southern Sweden and part of southern Norway, it will be cloudy, showery and thundery with a little sunshine possible. Fair and sunny conditions will continue over Portugal, Spain and almost all of Italy as well as the countries in south-eastern Europe.

Five-day forecast

Conditions will gradually improve across most of western Europe as a high pressure system moves in from the Atlantic. Showers and thunderstorms will continue in eastern Europe. In Spain and Portugal, a warm easterly wind will produce sunny skies. Italy and Greece will turn a bit cooler.

TODAY'S TEMPERATURES

Abu Dhabi	rain 32	Beijing	cloudy 18	Casablanca	cloudy 18	Faro	thund 31	Madrid	thund 26	Rangoon	thund 30
Algiers	sun 41	Belgrade	sun 34	Casablanca	sun 34	Frankfurt	thund 18	Majorca	sun 29	Rio	thund 29
Athens	thund 29	Berlin	thund 24	Chicago	rain 22	Glasgow	rain 22	Manila	thund 35	S. Francisco	sun 31
Amsterdam	show 27	Bermuda	fair 23	Cologne	fair 21	Hamburg	fair 22	Melbourne	show 14	Seoul	thund 31
Athens	sun 35	Bombay	thund 33	Dallas	show 36	Helsinki	rain 30	Mexico City	thund 34	Singapore	thund 31
B. Aires	show 38	Brussels	thund 19	Delhi	fair 32	Hong Kong	rain 30	Moscow	show 29	Stockholm	show 25
Bangkok	show 18	Budapest	sun 32	Dubai	sun 41	Honolulu	show 31	Munich	rain 22	Sydney	show 14
Barcelona	show 35	Cairo	show 14	Dublin	sun 32	Islandia	sun 29	Nairobi	show 26	Taipei	sun 32
				Dubrovnik	sun 32	Jakarta	show 15	Nagasaki	show 22	Tokyo	show 31
				Edinburgh	cloudy 18	Karachi	show 15	Nassau	show 32	Vancouver	show 23
						Kuwait	sun 47	Nice	sun 29	Varna	thund 28
						L. Angeles	sun 29	Nicosia	sun 35	Warsaw	cloudy 26
						Las Palmas	thund 25	Oslo	show 22	Washington	fair 34
						Lima	fair 24	Paris	show 18	Wellington	rain 10
						Lisbon	sun 24	Pern	show 22	Wiring	fair 25
						London	show 20	Prague	thund 23	Zurich	cloudy 20
						Lucembourg	fair 19				
						Lyon	fair 22				
						Madrid	fair 22				

We can't change the weather, but we can always take you where you want to go.

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Japan Finance Corporation for Municipal Enterprises

6.75 per cent. Guaranteed Bonds due 2007
unconditionally and irrevocably guaranteed as to payment of principal and interest by

Japan

Issue Price: 99.998 per cent.

Merrill Lynch International Tokyo-Mitsubishi International plc

Goldman Sachs International
Morgan Stanley Dean Witter

J.P. Morgan Securities Ltd.
SBC Warburg

ABN AMRO Hoare Govett
Daiwa Europe Limited
HSBC Markets

Barclays de Zoete Wedd Limited
Fuji International Finance PLC
IBJ International plc

Tokai Bank Europe Plc

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COMPANIES AND FINANCE: THE AMERICAS

Royal wins Celebrity with higher bid

By Richard Tomkins in New York and Tim Burt in Helsinki

Royal Caribbean International, the US cruise line, has won a bid battle for the Florida-based Celebrity Cruise Lines after increasing the value of its cash-and-stock offer from \$500m to \$515m.

However, the deal raised eyebrows in the cruise line industry because the purchase price fell short of the \$525m offered last week by Carnival Corp, the world's biggest cruise line.

Celebrity said the decision to accept the Royal Caribbean offer was taken by its shareholders.

Chandris, a privately-owned Greek shipping company with headquarters in London, and Overseas Shipholding, a US shipping company quoted on the New York Stock Exchange.

As part of the deal, Mr John Chandris, Celebrity's chairman, and Mr Morton Hymann, Overseas Shipholding's president, will join Royal Caribbean's board of directors, and Celebrity will continue to operate as a separate brand.

Carnival said that it had made overtures to Celebrity in the past, only to be turned away. But yesterday, it reacted amicably to Celebrity's decision.

"We are sorry that we did not have an opportunity to put something together with Celebrity," it said. "Nevertheless, we gave it our best shot, and we respect the decision that the Celebrity shareholders made regarding the future of the line. We wish both Celebrity and Royal Caribbean good luck."

Celebrity is 51 per cent owned by Chandris and 49 per cent by Overseas Shipholding. It announced last month that it had agreed to merge with Royal Caribbean, saying it was too small to compete on its own.

Analysts said Celebrity's shareholders had probably decided to

accept Royal Caribbean's increased offer because a definitive merger now was preferable to the uncertainty of Carnival's approach, which was subject to a scrutiny of Celebrity's books.

Royal Caribbean will pay \$245m in cash for Celebrity, with the balance of the \$515m in Royal Caribbean stock, and will also take on Celebrity's \$800m worth of debt.

The combination of Celebrity's four ships and Royal Caribbean's 12 will reinforce the latter's position as the second biggest US cruise line, but it will remain well behind Carnival, with 33 vessels.

Royal Caribbean announced the deal on the eve of the handover of its latest cruise vessel, the 74,000-tonne Enchantment of the Seas, which is due to depart from the Kvaerner Masa shipyard in Finland tomorrow.

Mr Martin Saarikangas, president and chief executive of Kvaerner Masa in Helsinki, predicted that rising passenger demand would lead to further orders for the world's specialist cruise ship builders.

"We have an order book worth \$1.4bn [US\$2.86bn], and that will grow as operators such as Carnival and Royal Caribbean seek bigger vessels," he said.

Veba to buy Wyle for \$632m in cash

By Ralph Atkins in Bonn and Richard Tomkins in New York

Veba, the Düsseldorf industrial group, yesterday took another step towards fulfilling its US expansion plans by agreeing to buy Wyle Electronics, the Californian distributor of electronic components and computer systems, for \$632m in cash.

The companies said the \$50-a-share deal would create a leading global company in electronic component distribution, with combined sales of about \$5bn. Wyle Electronics' shares rose 8 1/2 per cent, to close at \$48 1/2.

In May, Mr Ulrich Hartmann, Veba chairman, said the company planned to spend \$1.4bn (\$2.28bn) on expanding its North American businesses in the next five years. The group plans to list on the New York Stock Exchange in October.

Veba will buy Wyle through Raab Karcher, its trading and services subsidiary, which has interests in building materials and energy, as well as electronic systems and components.

Electronics distribution at Raab Karcher, which includes the businesses EBV, Memec, Insight and Raab Karcher Electronic Systems, generated annual sales of DM2.6bn last year, out of the subsidiary's total sales of DM10.4bn.

Wyle is the world's sixth-biggest distributor of electronic components and computer systems, with sales last year of \$1.2bn and net profits of \$40.2m. It has a network of 35 locations in the US and serves customers in seven European countries through wholly owned subsidiaries.

The company's net profits fell in the first quarter from \$11m to \$7.8m, largely because of a decline in semiconductor sales from record levels a year ago was only partly offset by a rise in sales of lower-margin computer products.

Mr Georg Kulenkampff, Raab Karcher chief executive, said the acquisition of Wyle Electronics would be "another significant step in Raab Karcher's strategy to internationalise and build global size operations in its core business". Wyle Electronics would keep its name, its headquarters and its workforce.

Mr Ralph Ozorkiewicz, Wyle Electronics chief executive, said: "Our employees will all keep their jobs and have the potential for enhanced career opportunities, and suppliers and customers will benefit from our increased global reach."

The last great American defence deal

Four years ago, when the Pentagon gave the green light to a restructuring of the US defence industry, Mr Norman Augustine made it clear he wanted to be a survivor.

The chairman of a missile manufacturer known at the time as Martin Marietta, he set out on a round of deals designed to secure his company's place at the top of the mergers and acquisition food chain.

That job may soon be completed. Just a month before retiring as chief executive of what is now Lockheed Martin, Mr Augustine has pulled off what appears to be the last deal of its kind - an agreement to pay \$8.2bn for Northrop Grumman.

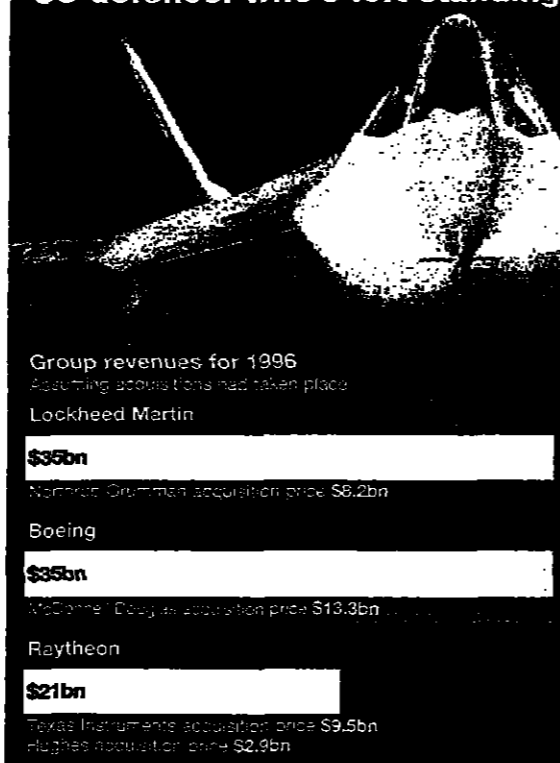
With this purchase, Mr Augustine will finally trump Mr Ken Kreska, the Northrop chairman with whom he has competed over a number of smaller acquisitions in recent years. There is, in short, nothing left to buy.

For the global defence industry, however, this could represent a beginning, rather than an end. Companies based elsewhere, particularly in Europe, have yet to go through the process that has swept the US, but may now feel that it has become even more difficult to stand aloof.

As Mr Augustine commented yesterday: "I would say to my friends and colleagues in Europe: the war's fine, come on in."

Certainly, an enlarged Lockheed Martin will cause consternation among Europe's aerospace and defence contractors. Although not presenting as direct a challenge to manu-

US defence: who's left standing



facturers there as the planned Boeing/McDonnell Douglas merger, it will create a colossal able to fight far more aggressively in overseas markets. This is exactly what Lockheed Martin plans to do. The company generates only about 25 per cent of its orders outside its home market, but plans to use the Northrop acquisition to grow this, Mr Augustine said.

Besides giving Lockheed a foothold in a wider range of technologies, the merger will help it strip out \$1bn of costs

a year, further boosting its financial might.

Along with the enlarged Boeing and Raytheon, Lockheed will now be part of a trio that will pose a considerable threat to international rivals.

For now, Lockheed has been careful not to start throwing its weight around. Already a partner with British Aerospace in the competition to build a new joint strike fighter for the US, it has set its sights on building more international links.

"We would like to work with companies in Europe,

and not see these two great groups of companies go their own separate ways," said Mr Augustine.

"It's our hope that Europe will decide to privatise and combine, and build a strong aerospace industry for us to partner with."

Whether that will ever lead to a spate of transatlantic mergers is a question that he diplomatically ducks. But one investment banker who worked on the Northrop deal says such combinations are unlikely for many years.

"I don't think anyone is up for it yet. There are too many countries involved, and too many sensitive technologies."

Meanwhile, Lockheed faces the challenge of getting approval for its plans in Washington.

In terms of their biggest products, there is little overlap between the two companies. Lockheed makes a wide range of space and missile systems, electronics, aeronautics and information systems, while Northrop builds aircraft and is heavily involved in defence electronics.

However, size alone may yet be an issue. When the Pentagon agreed to let defence companies combine, "I don't think they ever thought, in their wildest dreams, that it would get down to three," says Mr Larry Korb, a senior fellow at the Brookings Institution.

That could pose problems for the Pentagon in the long term, he adds. The new giants may not be nimble enough to keep abreast of all the technologies they will need to master.

The deal could also cause unease among other big customers. These include Boeing, which last year accounted for 8 per cent of Northrop's sales and will be one of Lockheed's fiercest competitors.

Judging by the general reaction on Wall Street and from defence industry analysts yesterday, however, none of this is likely to be a major factor in the deal.

Richard Waters

Sports agency merger creates rival for IMG

By Patrick Harverson

IMG, the management agency run by Mr Mark McCormack that has long dominated the sports marketing industry, is feeling the hot breath of competition on its neck.

In May, Interpublic, a big US advertising group, acquired two sports agencies - Advantage of the US and API of the UK - to create what it claimed was the second-largest sports marketing agency in the world.

Now, IMG has another rival in the form of Marquee, a relatively new US sports management and marketing group which last week acquired ProServ, the well-known sports agency.

In three decades, ProServ, which was founded in 1960 by Mr Donald Dell, a former American Davis Cup tennis player, has established a strong presence in athlete management - ProServ clients

include British tennis star Greg Rusedski - event management and television rights sales.

The merger, which valued ProServ at \$15m, created a group with estimated annual billings of about \$400m. That compares with Advantage-APT's billings of about \$500m and IMG's of \$800m-\$1bn.

The flurry of deals is altering the landscape of the sports marketing business, and Marquee is not finished yet. It will soon be raising \$50-\$60m in a secondary stock offering to fund a series of acquisitions, although some will be outside sports, probably in the music business.

Mr Dell says more deals are likely in the sports industry. "Ten years ago there were 15 to 20 companies in sports marketing. Today, there are 500, so in just 10 years the business has exploded. But of those 500, only four or five possess

what I call across-the-board capabilities."

By that, he means the ability to compete globally in three areas: managing athletes; creating and running sports events; and producing, packaging and selling sports television rights.

To succeed in all three, says Mr Dell, requires financial muscle, which explains why ProServ has teamed up with a partner. "The industry we are in is consolidating, and as it becomes more global you need capital to compete," he says.

Unable to raise the capital himself, Mr Dell was happy to do a deal with Marquee, whose primary backer, Mr Bill Sillerman, the billionaire radio station owner, is keen to expand into the sports business.

While not neglecting the sporting clients it represents, it is clear the new ProServ-Marquee group will



Net gain: Greg Rusedski, the British tennis player, is a client of ProServ, the sports agency acquired by Marquee.

concentrate on creating sports events and selling the rights to televise them.

With the number of distribution channels expanding rapidly owing to digital television technology, broadcast-

ers are increasingly in search of programming product, and none comes better than exclusive sports events, says Mr Dell. As an agency, "you build equity by owning events," he says.

AMERICAS NEWS DIGEST

Chrysler overseas sales at record

Chrysler, the US carmaker, yesterday reported that June international sales were ahead 23 per cent from a year ago, setting a record for any month and leading to a second-quarter sales increase of 16 per cent. The group said that international sales rose to 21,177 vehicles from 17,289 a year earlier. The total surpassed the previous high for any month - 20,750 in July 1996 - the company said.

Chrysler is the smallest and least international of the big three US carmakers, but has made a determined push in recent years to regain its former prominent position in world markets. Second-quarter international sales totalled 60,576, up from 52,290 a year earlier, Chrysler said.

Sales in Latin America were 4,135, a record for any month and a 164 per cent increase from a year earlier, the company said. European sales, at 9,751, were 15 per cent higher than a year earlier. In the Middle East/Africa region sales were 1,540, an increase of 28 per cent from a year ago.

Sales in the Asia-Pacific region fell 9 per cent on a year-on-year basis, to 5,761, but showed a 26 per cent improvement from May 1997, Chrysler said.

AP-DJ, Auburn Hills, Michigan

Transocean warns on earnings

Transocean Offshore, the US-Norwegian offshore drilling company, said yesterday it expected second-quarter earnings to be 10 cents a share lower than analysts' projections because of contract and repair delays. The company did not put a dollar amount on its second-quarter earnings and did not give industry analysts' projections. A First Call consensus estimate of 21 brokers in May put Transocean's second-quarter earnings at 65 cents a share. The company earned 74 cents share in the second quarter of last year, according to First Call.

The offshore drilling company attributed the lower-than-expected earnings to delays in starting contracts with its Discover Seven Seas and Offshore Amiranite rigs.

Reuters, Houston

General Mills to raise prices

General Mills, the second largest cereals maker in the US, said it planned to increase prices by an average of 2.6 per cent, becoming the first of the country's big cereals makers to raise prices since a round of price cuts by the industry a year ago.

The maker of Cheerios, Lucky Charms and many other brands said the price increases, effective immediately, were intended to adjust for inflation and were the first the Minneapolis-based company has made in four years. The move caught some analysts by surprise, while General Mills' competitors did not say if they would follow suit.

The increase was the first by a big cereals company since competitor Post Cereal, a division of Kraft Foods, shook up the \$3bn ready-to-eat cereals industry by cutting prices 20 per cent, analysts said. General Mills, Quaker Oats and industry leader Kellogg followed that move to some extent. Analysts said the price cuts failed to bring more consumers into the cereal aisles.

Reuters, Chicago

Dragados group to build dam

A consortium led by Dragados y Construcciones, the Spanish construction company, won a \$274m contract to build a hydroelectric plant in Venezuela. The consortium, put together in 1995, includes VIALPA de Venezuela and Ingenieros Civiles Asociados de Mexico. It will build the dam, works and sluice of the Caruachi plant on the Rio Caroni in south-eastern Venezuela.

Part of the \$1.5bn plant is being financed by a \$500m loan from the Inter-American Development Bank (IDB), which delayed its final approval until Venezuela last month adjusted the price of its domestic natural gas, part of an attempt by multilateral lending agencies to get Venezuela to eliminate high energy subsidies.

Raymond Collis, Caracas

Wendy's in Venezuela move

Wendy's, the US burger group, through its Wencos Servicios de Comida Rapida unit, will open its first restaurant in Venezuela in August, said Mr Andres Garcia, Wencos executive president, according to a newspaper report.

The outlet will be one of seven Wendy's that will open this year, all in the capital. Further restaurants will be opened in other parts of the country in 1998 with a target of 50 to be opened over the next three years.

Of this, 23 will be converted outlets of local fast food chain TropiBurger as part of a franchise agreement signed in February, Mr Garcia said. Wendy's main competitor in the Venezuelan market will be McDonald's.

Reuters, Caracas

Packaging Plus in UK buy

Packaging Plus Services has acquired SkyNet Worldwide Express, a UK-based international express courier, for an undisclosed sum. SkyNet has 180 offices worldwide and \$115m in annual sales. Packaging Plus's annual sales were not immediately available.

Packaging Plus said the acquisition included SkyNet's main hubs in London, New York, Los Angeles, San Francisco, and Sydney, as well as its member network of 160 international affiliates.

The packaging and shipping services company said Miami-based Select Capital Advisors arranged the financing for the transaction.

AP-DJ, Plainville, NY

Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com

ENGELS-HOLLANDE BELEGGENS TRUST N.V.
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Established in Amsterdam
PARTICIPATION CERTIFICATES
(Issued by Royal Exchange Assurance)

Notice is hereby given that a gross dividend for 1996 on the Participation Certificates of DD 1.56 will be payable at the office of the Paying Agent on or after 14th July 1997 against presentation of coupon no. 47. The dividend will be payable as follows, subject to the provisions of the appropriate Netherlands Tax Authority where necessary:

To Certificate holders who are subject to United Kingdom Income Tax, less 15 per cent Netherlands Withholding Tax, and United Kingdom Income Tax at 5 per cent on the gross dividend.

To residents of other countries with which The Netherlands have concluded tax agreements, under deduction of 15 per cent Netherlands Withholding Tax.

To residents of all other countries, less 25 per cent Netherlands Withholding Tax.

Certificate holders resident outside the United Kingdom will receive payment less United Kingdom Income Tax at the rate of 20 per cent on the net amount which the coupon represents accompanied by a United Kingdom Affidavit of non-residence. The aforementioned rates of tax apply only in respect of coupons presented for payment up to and including 14th January 1998. Thereafter Netherlands Withholding Tax will be deducted at the rate of 25 per cent and the United Kingdom Income Tax, where applicable, at the rate of 20 per cent from the net starting amount.

For the period of 14th July 1997 to 14th January 1998 the dividend will be paid in Sterling at the rate of exchange ruling on the day of presentation of the coupon. Coupons presented thereafter will be paid in Sterling at the rate of exchange ruling on the 14th January 1998.

To obtain payments, coupon no. 47, must be presented at the office of Royal Exchange Assurance, 150 Bishopsgate, London EC2M 3JT. Coupons must be filed in the correct order on special forms obtainable from the Paying Agent and must be left five clear days for examination.

Coupons are available on request to the Paying Agent at the above address of the present Conditions relating to the Participation Certificates which conclude to replace those printed on the back of the existing Participation Certificates.

Furthermore a stock dividend will be paid by issuing 10 ordinary shares of Dfl 1.00 - nominal value for every Participation Certificate entitled to a ordinary share of Dfl 1.00 - nominal value, to be charged either to the general reserve or the share premium account according to the balance of the account, the surplus will be charged to the general reserve pro rata. If the stock dividend is to be charged to the general reserve, the surplus will be charged to the share premium account pro rata.

For holders of Participation Certificates, stock dividend chargeable to the share premium account, will be issued without deduction of Netherlands Withholding Tax.

To obtain the stock dividend Participation Certificates must be presented at the office of the Paying Agent to obtain the necessary forms or will be allocated to the holders of Participation Certificates and held by Royal Exchange Assurance as Trustees.

Holders of Participation Certificates are entitled to convert their Certificates into ordinary shares quoted in Amsterdam. Holders wishing to convert should apply to the Paying Agent to obtain the necessary forms.

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Sincere Navigation Corporation
(Incorporated as a company limited by shares in Taiwan, Republic of China)

NOTICE
to the holders of the outstanding
Sincere Navigation Corporation
(the "Company")
U.S. \$36,000,000
3.75 per cent. Bonds due 2003
(the "Bonds")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that the Annual General Meeting of the Company by a resolution dated 16th May, 1997, approved the issue of 14,366,088 shares of the Company's Common Stock for free distribution to shareholders as a dividend, which has been approved by the Securities and Exchange Commission of the Ministry of Finance, the Republic of China, effective 27th June, 1997. The Board of Directors has filed 21st July, 1997 as the record date for the determination of the shareholders entitled to receive such dividend and free distribution. Pursuant to the provisions of the Indenture constituting the Bonds, the Conversion Price of the Bonds has been adjusted as a result of the above issue from NT\$32.71 to NT\$31.15 effective 22nd July, 1997 (Republic of China time).

4th July, 1997 Sincere Navigation Corporation

SERVICE OF VALUATION PURSUANT TO SECTION 181 OF THE NORWEGIAN LAW COURTS ACT IN JÆREN COURT OF VALUATION'S CASE NO. 97-00628 B

Plaintiff: Transhav AS
Counsel: Attorney Kai Thøgersen
Defendants: Holders of 27,332 shares in Transocean ASA, a total of 324 shareholders.
Counsel for the individual defendants: Attorney Pål Mjølhus.

At issue: Stipulation of redemption sum for redemption of shares in Transocean ASA in accordance with Section 3-15 of the Norwegian Companies Act.

Pursuant to Section 181 of the Norwegian Law Courts Act the defendants are hereby informed that a valuation was made in the above-mentioned case on 19 June 1997. The valuation has the following conclusion:

- The redemption sum for the defendants' shares in Transocean ASA is fixed at NOK 180,- one hundred and eighty kroner - per share with the addition of 4 - four - % interest per annum from 21 November 1996 until payment is effected.
- Transhav AS shall pay the statutory costs of the valuation.
- Transhav AS shall pay the costs of legal assistance for the defendants in accordance with the appended list (3) via Attorney Mjølhus in the total amount of NOK 198,590,- one hundred and ninety-eight thousand five hundred and ninety kroner within 2 - two weeks of service of the valuation.

The valuation may be obtained from the Court's offices. Service is considered to have been performed 4 - four weeks from the date of posting on the Court's premises.

Jæren Court of Valuation, 24 June 1997

The Financial Times plans to publish a Survey on the

Moscow as a Business Centre

on Wednesday, September 17

For further information, please contact:
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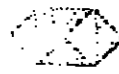


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COMPANIES AND FINANCE: EUROPE

Creditanstalt top two go as units merge

By William Hall in Zurich

Bank Austria has replaced the two top executives of Creditanstalt's investment banking operation in the latest shake-up resulting from its \$1.7bn (£1.4bn) takeover of the smaller Austrian bank in January.

Mr Marko Musulin, chief executive of Creditanstalt Investment Bank (CAIB), and his deputy, Mr Heinrich Pecina, have lost their jobs following Bank Austria's

decision to merge investment banking operations.

The loss of the executives at CAIB, which is more than twice the size of investment bank Austria, comes only weeks after salesmen at CAIB's London operation defected to a rival bank.

The departures are the first sign that the marriage of the first and second biggest banks in Austria may not be going smoothly. It is understood that Mr Wolfgang Lafite, another senior

CAIB executive, may also quit.

The decision to change the top management of one of the more successful parts of Creditanstalt's business contrasts with the more cautious approach Bank Austria has taken to other sensitive management changes.

It has yet to decide who will run the combined treasury operations, and senior executives of Bank Austria and Creditanstalt will share responsibility for running

the combined overseas commercial banking operations.

However, Bank Austria stressed yesterday it was not orchestrating a management takeover of CAIB.

Mr Andreas Simor, head of Creditanstalt Securities Budapest, will be the chief executive; Mr Helmut Horvath, head of Bank Austria's investment bank and a former Bank Austria executive director, becomes his deputy.

The management of the

enlarged investment bank also includes Mr Stefan Krieglstein and Mr Timothy Medland - members of the old CAIB management.

Mr Alarich Fenyes, deputy chief executive of Creditanstalt and chairman of the investment bank, said CAIB executives would take the majority of senior management posts in the new investment bank.

Mr Fenyes, a member of the old CAIB board, said Mr Musulin and Mr Pecina, "did not have the full confidence of the new shareholder". He described their departure as "very regrettable".

Last year CAIB more than tripled its profits, to \$267m, and its long-term return on equity has averaged 31 per cent.

Mr Max Kothbauer, former deputy chairman of Creditanstalt, has been appointed chairman of PSK, the Austrian postal savings bank, which is soon to be privatised.

KLM shares take off on sale talk

Shares in KLM, the Dutch airline, have soared more than 10 per cent in the past two days, closing at a record £167.50 yesterday amid speculation that the carrier is preparing to sell its 19 per cent stake in Northwest Airlines, its US partner.

According to KLM, a long-running boardroom battle over its influence at the US carrier should come to an end "within a couple of months".

However, it is keen to lengthen a collaboration agreement with Northwest, from one to five years, and broaden it to include cargo as well as passengers. The integration of the two airlines' cargo businesses is being held up by the boardroom squabbles.

The dispute centres on KLM's influence at Northwest, which it helped rescue in the 1980s. The Dutch carrier has an option to buy a further 5 per cent in Northwest next year, but the US airline last year adopted a "poison pill" that prevents KLM from taking up the option. Under this scheme, no shareholder can have a voting share of more than 19.9 per cent.

Mr John Desburg, Northwest chairman, justified the move by accusing KLM of wanting to take control. KLM said it resented the allegations, denied them and sued.



Some analysts believe the sale of KLM's stake in Northwest would allow it to resume talks with British Airways

Some analysts believe the sale of KLM's stake in Northwest would make it possible for the Dutch airline to reopen talks with British Airways. However, previous negotiations about an Anglo-Dutch tie-up collapsed and BA's plans to team with American Airlines (although the partnership still faces regulatory hurdles) mean the talks could only be resumed if the Dutch carrier gave up its interest in Northwest.

Others regard the stake sale, which would generate about £1.1bn (\$660m), as a KLM concession to appease takeover fears. "It would

effectively put an end to the discussions about control," says Mr Richard Brakenhoff, KLM analyst at MeesPier. "Both companies have so much to lose that they must reach an agreement, even if that means KLM has to sell."

Under the collaboration agreements, KLM and Northwest operate as a single carrier on transatlantic routes. KLM says the deal adds about £150m to its annual revenues; Northwest gains about \$150m a year.

Mr Thijs Berkelder, KLM analyst at Van Meer James

Capel, says: "This is the most efficient transatlantic alliance at the moment and there is enormous potential for more cost-savings through further integration. Quitting would be a disaster for both companies."

The pioneering alliance, while rocky, is seen as one of KLM's trump cards in talks with possible European partners. Mr Pieter Bouw, KLM chairman, had wanted to form a global network of carriers by strengthening its relationship with Northwest and forging another alliance in Europe.

However, his departure

next month is likely to ease the tensions between KLM and Northwest, analysts say. Mr Leo van Wijk, his successor, is believed to have a relatively healthy relationship with the Northwest leadership.

KLM has confirmed that Northwest will stop the joint sale of tickets in the Netherlands from next month, but says this is "an instrument to speed up the talks". On the other hand, KLM has repeatedly issued statements about a forthcoming peace with Northwest that later proved overly optimistic.

Barbara Smit

Earlier decision sought on Eurotunnel

By Andrew Jack in Paris

The creditor banks to Eurotunnel have been asked to indicate by the end of September whether they support the \$2.5bn (£1.4bn) restructuring plan - several months ahead of earlier estimates.

The new timetable follows this week's switch in support of the deal by minority shareholders which had planned to block it. They will vote on the restructuring at an extraordinary general meeting of the company on July 10.

A programme of roadshows in Europe, North America and Japan by the leading banks in the lending syndicate has now been completed, as part of their effort to sell the plan to all 174 creditors.

The decision announced on Monday by Northern Cross Investments, which held 37m Eurotunnel shares, to support the restructuring helped lift creditors' support for the plan and boost the price at which the company's debt is traded on the grey market.

Mr Simon Mansfield, an analyst with Bankers Trust in London, which has bought enough Eurotunnel debt to become one of its largest creditors, said in the past few days the bid price had risen from 46p in the pound to above 50p.

He said the increase largely reflected the growing optimism that the plan would be approved by shareholders, but added that trading volumes were relatively low.

Although existing bankers can continue to sell their Eurotunnel debt, the 174 who were creditors at the time the restructuring plan was agreed with the company in April will all be obliged to vote for legal reasons.

One banker stressed yesterday there had been no clear sign of opposition to the restructuring going through, and argued that there was little risk of banks demanding "substitution" - or their right to take control of operating the Channel tunnel - if shareholders voted in favour.

He said substitution was "a blunt weapon that has many uncertainties compared with the deal that is on the table" and that it was unlikely that the French and UK governments would allow the banks to exercise this right if the deal was approved by investors.

Eurotunnel has launched an advertising campaign in an effort to ensure that a quorum of shareholders representing 230m shares turns up to its EGM next week.

CME considers legal action after bid failure

By Kevin Done, East Europe Correspondent

Central European Media Enterprises (CME), which this week lost the fierce tender battle for two lucrative commercial television franchises in Hungary, said yesterday it was considering legal action against the Hungarian authorities.

CME, which was beaten by a consortium led by CLT-UF, Europe's biggest broadcasting and entertainment group, and Scandinavian Broadcasting System, 22.8 per cent owned by Walt Disney, claimed its bids were up to \$30m higher than those of its rivals.

The group, which has pioneered commercial television in several east European countries, said there were "strong indications" that the evaluation process by ORTT, the Hungarian national radio and television commission, "may not have properly followed the procedures outlined in the Hungarian media law".

Mr Leonard Fertig, chief executive, said CME was "greatly disappointed by a process in which the group that follows the law and submits the highest bid, reputed to be \$13bn-£14bn (\$16m-£21m) higher than either competitor, loses the licence competition".

CME refused to disclose the size of the rival offers, but it is understood that its final bid for the 10-year concessions was more than \$12bn, compared with about \$9bn by the SBS-led consortium and \$18bn bid by the CLT-UF group.

Mr Fertig said the ORTT regulations stated that the most heavily weighted factor in the process would be the amount of money bid. Mr György Lovas of ORTT said no bid details could be given before the contracts had been signed but that the licences had been "relatively not so important". He added: "I hope this will not be the start of a new media war. The media law was very well observed."

However, his departure

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EUROPEAN NEWS DIGEST

Russian utility to issue \$1.25bn bond

Unified Energy Systems, Russia's chief electricity company, yesterday announced plans to issue a \$1.25bn convertible bond this autumn as part of a radical restructuring. The issue is backed by a 2.7 per cent government share package. Mr Boris Brevnov, the 29-year-old banker who has taken over as chief executive, said the interest-bearing three-year bonds were likely to attract up to a 30 per cent premium to the market price of the underlying shares. "The convertible bond format allows the government and the company to take advantage of the trend in the market," he said. "The stock is still undervalued. We think by a factor of 10."

Foreign investors, which on some estimates hold 27 per cent of UES's stock, have bid up the company's shares strongly in anticipation of the fruits of restructuring. The shares have surged more than five-fold this year to 45 cents, making UES Russia's most valuable company with a market capitalisation of more than \$18bn.

The restructuring is seen as a test for the reformist government's plans to shake up the country's "natural monopolies", which control large swathes of the economy. UES dominates the electricity sector, operating 27 of Russia's 34 big power plants. It also has stakes in 72 regional power utilities. Mr Brevnov said the government had yesterday approved plans to tackle its massive backlog of unpaid bills, which amounts to \$102,000bn (\$17.6bn). UES has been authorised to cut off more consumers who do not pay their bills, including government organisations, which account for 45 per cent of UES's arrears.

Ms Julie Quist, energy analyst at MC Securities, a London-based stockbroker, said it was still far from clear how the industry's jewels would be divided between UES and the regional operating companies. "Most investors do not know where to put their money in the industry but believe UES is a play on the whole sector which is still undervalued," she said. "But any stock that appreciates by 10 per cent a day has to have some down side soon."

John Thornhill, Moscow

AWI cuts Domco share target

Armstrong World Industries, the US manufacturing group, has scaled down the proportion of shares it is seeking to buy in Domco, the Canadian flooring company. The move is an attempt to side-step Sommer Allibert, the French plastics group which controls Domco and which is hotly resisting the hostile bid for Domco from Armstrong.

Armstrong said yesterday it wanted to buy a 51 per cent stake in Domco rather than the 66.66 per cent announced when the bid was launched last month. It said it would extend its offer until August 15. Armstrong has asked the Domco directors to issue new shares which the US group could buy to gain a controlling stake in the Canadian company.

The move is the latest twist in what has become a bitter fight between Armstrong and Sommer Allibert over Domco. Armstrong launched its bid - offering C\$23 for each common share - a few weeks after Sommer Allibert agreed to merge its flooring business with Tarkett, the German flooring group. This threatened to create a rival for Armstrong, which has annual sales of US\$2.2bn. But Armstrong claimed Sommer had broken agreements over earlier talks about a possible purchase by Armstrong of the French group's flooring business.

Graham Bowley, Frankfurt

Bayer to sell chemicals unit

Bayer, the German chemicals and pharmaceuticals company, is to sell its enamels and ceramics business to Advent International and Chase Capital Partners, the financial investment groups. The move is the latest example of a big German company divesting an unwanted division to focus more closely on its core business. It is also a fillip for the German management buy-out market, which last year topped the European league table for the first time. "Companies are more prepared to look at financial institutions as opposed to other corporates as a viable route to a business's independence," said Mr John Walker, chief executive in Europe of Advent International.

Bayer said the deal would be finalised soon and that the new enamels and ceramics group would be run independently by members of its existing management. The group, which last year had turnover of DM200m (\$114.2m), employs about 500 people in Europe and the US.

Graham Bowley

Gottesman lifts equity stake

Mr Edward Gottesman, the secretive London-based US financier who put together a leveraged buy-out of Olivetti Personal Computers this year, has been forced to increase the initial equity contribution to the new company after investors balked at providing funds.

Piedmont International, the company formed by Mr Gottesman to spearhead the buy-out, announced last month it was providing half the planned \$80m of equity capital for OPC, and that London-based Merrill Lynch International would provide a further \$100m secured loan. However, Piedmont is to increase its initial equity contribution to \$65m, and Merrill Lynch's maximum loan facility will be reduced to \$75m.

Paul Taylor

Parmalat wins bid for Ault

Parmalat, the Italian dairy products group, yesterday won control of Ault Foods, a Canadian food processing company which faced a hostile bid from another Canadian group. Parmalat said it had secured 71.3 per cent of Ault Foods. The Italian group last month offered C\$4 a share in its C\$41.5m (US\$301m) agreed bid for the Canadian company to thwart a C\$28 a share hostile bid from the Montreal-based Saputo group.

Paul Bets, Milan

Rothschild US joint venture

Rothschild & Compagnie, the French investment bank, has formed a joint venture with a subsidiary of American International Group to develop equity derivatives in continental Europe. The aim is to provide a wide range of tailor-made derivatives products for companies, with staff and support provided by both.

Rothschild said it was possible that the joint venture would be extended in subsequent years to the UK and other countries outside Europe. It already has a joint venture for asset management in Spain with ABN.

Andrew Jack, Paris

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COMPANIES AND FINANCE: INTERNATIONAL

NEC to issue environmental report

By Michio Nakamoto in Tokyo

NEC, one of Japan's leading electronics companies, has become the first Japanese company to issue an annual report presenting a complete account of the company's environmental management activities.

The decision to issue the report follows growing public and government concerns about the impact of industrial waste on the environment.

At the same time, the Ministry of International Trade and Industry, recently decided to require manufacturers to recycle obsolete hardware, shifting the burden of collecting old products from local authorities to manufacturers, although legislation

has yet to be passed.

The number of computers, TVs and other electronics products thrown out by consumers has placed a heavy burden on public spending on waste disposal.

Advances in technology exacerbate the problem, as some products, computers in particular, can be rendered out of date after only six months.

NEC said it would publish its goals for environmental activities as well as data from the period indicating what progress had been made.

The annual reports will contain full descriptions of relevant activities, updates on the development of environmentally orientated products, such as those that use recycled products, as well as accounts of

efforts to meet environmental management standards, such as ISO certification.

The first annual report covers NEC's activities in Japan and three overseas subsidiaries in the US, Brazil and China. By 1999, the company aims to include in its report assessments of all its global operations.

This year's assessment shows that NEC has achieved an 80 per cent reduction in industrial landfill waste on 1991 levels, as well as a 17 per cent reduction in industrial waste and an 18 per cent cut in regular waste over 1996 levels. The company also increased the amount of plastics it recycled by 41 per cent.

NEC, which is Japan's fourth-largest manufacturer by non-consolidated sales, was named the most

environmentally friendly company by Nihon Keizai, Japan's leading business daily.

NEC, Mitsui and Sumitomo, the trading companies, have agreed with Telecominvest, the St Petersburg-based telecoms company, to set up a joint venture manufacturing, marketing and servicing telecommunications equipment in Russia.

The new joint venture, NEC Neva Communications, will be the first high-tech joint venture between Japanese and Russian companies, and will be capitalised at \$6.1m.

It aims to capitalise on Russia's rapidly changing telecoms market and has already signed an agreement with 85 regional telephone companies to supply them with equipment.

P&U chief lives up to his reputation

Mr Fred Hassan has a reputation of being a drugs industry tough guy. This week, the soft-spoken new chief executive of Pharmacia & Upjohn began to show why.

He was brought in to rescue the ailing US-Swedish drugs company only in May. This week he warned shareholders there would be no quick fix: second-quarter performance would probably be worse than the first quarter's, and sales and profits were likely to continue to fall during 1997.

That was Mr Hassan's first profits warning - but the company's fourth in less than a year.

P&U has failed to make the sales growth and cost savings it has promised since its formation almost two years ago. In January, Mr John Zabriske resigned abruptly as chief executive, and in April, Mr Jan Ekberg, chairman, admitted that growth and savings forecasts had been consistently "over-optimistic".

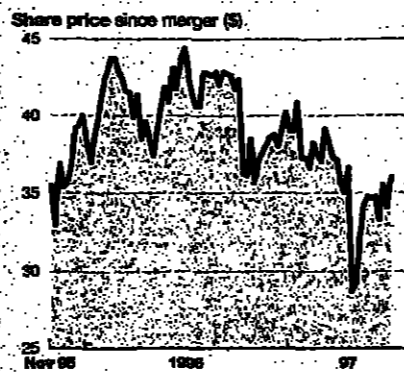
Unlike previous profits warnings, this one was followed yesterday by a share price rise. The reason was that Mr Hassan also announced a profound restructuring.

The centre-piece of his plan centrepiece is the "dismantling" of the company's three main head offices, in Stockholm, Milan and Kalamazoo,

Pharmacia & Upjohn: merger medicine hard to swallow



Fred Hassan, CEO



- Nov 1996: Pharmacia & Upjohn merger completed, prompting "new top-10 global pharmaceutical company".
- Oct 11 1996: P&U warns investors currency developments mean third-quarter earnings will fall below expectations.
- Oct 31 1996: P&U says analysts' forecasts for 1997 earnings are too high; warns "lower growth" will hit profits.
- Jan 20 1997: CEO John Zabriske resigns.
- Apr 23 1997: P&U warns of 5% fall in sales and 10% fall in EPS in first quarter.
- May 11 1997: Fred Hassan appointed CEO.
- July 2 1997: P&U announces shake-up to tackle declining sales; warns measures would cut sales and profits in medium term.

Michigan. These "pharmaceutical product centres" (PPCs) had responsibility for most of the company's operations: drug discovery, research and development, strategic marketing, manufacturing, support and administration. Just about the only thing these three centres did not do was local country marketing and sales.

All that will change. At the time of the merger, these three sites remained headquarters offices, and a small corporate centre in Windsor, west of London, was chosen as a compromise to US and Scandinavian interests.

Now Windsor will be the only headquarters, says Mr Hassan. The other three centres will be "even less than regional offices, they are just

sites which have certain functions".

Under the new structure, there will be just two main divisions: research and development, and everything else.

The non-R&D work is to be called pharmaceutical business, and will be headed by a yet-to-be-named executive vice-president.

R&D will be headed by Mr Goran Ando, the former Glaxo executive who previously had to share this responsibility with the heads of the three PPCs. "R&D will be the engine of this company's growth," Mr Hassan says. "We've given Goran Ando the full authority he needs to achieve that."

These two divisions, says Mr Hassan, and chiefs of finance and legal affairs

will run the entire company.

This five-person executive committee replaces a 15-member corporate management group.

"It was difficult to run the company with 18 people at the top," Mr Hassan says. "There were different baronies in different parts of the world."

Mr Hassan has been careful not to spell out the staffing implications, but it is clear that many jobs will go. More than 3,000 jobs were shed in the 12 months following the merger.

"We have installed a global [reorganisation] co-ordinator on four areas: Kalamazoo, Milan, R&D and Windsor," he says. "We are looking very closely [at these places] and if there are any duplications or redundancies, we will act. We will be fair but tough. We must try to reduce the amount of DNA in the company."

Will these steps be enough to turn the company around? "The decisions made are the right thing to do," says one London-based analyst. "To bring together R&D is sensible. The same goes for marketing. But I don't know how easy it will be to get everyone marching to the same tune."

Mr Hassan is equally measured. "Pharmacia & Upjohn is headed for a little uncertainty in the very near future," he says. "Solid growth in sales and earnings should start early next year when the initiatives we are now undertaking bear fruit."

Daniel Green

Japan's carriers battle for slots

Haneda airport, Tokyo's gateway to the rest of Japan, serving 60 per cent of all domestic air travellers, this week added 36 flights in its first big expansion to capacity in three years.

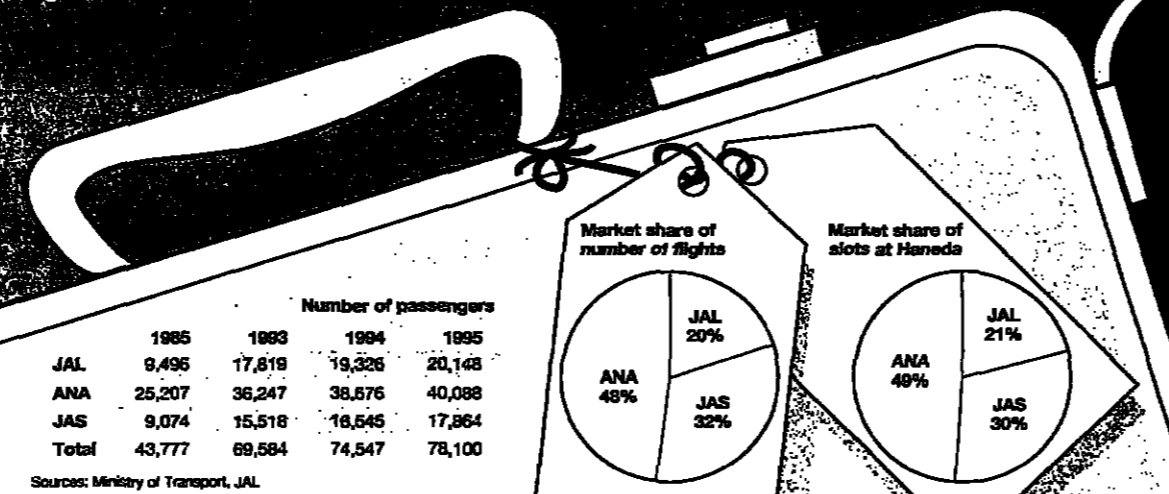
By the end of the month, four more will be added and a further 40 will be introduced next spring.

Until now, Haneda has served Japan's three main carriers - All Nippon Airways, Japan Airlines and Japan Air Systems. But in an attempt to introduce greater competition, the Ministry of Transport awarded six of the 40 new slots at the airport to new carriers.

The expansion at Haneda is part of long-overdue deregulation of Japan's domestic market for air travel - relaxing rules and introducing market forces and lower fares.

The three main carriers are not standing idle. They have launched programmes to attract a larger share of the domestic market of 78m passengers.

Fight for the skies



Source: Ministry of Transport, JAL

Since this spring, ANA, JAL and JAS have been offering customers attractive frequent flyer programmes. Soon after the frequent-flyer fray heated up, JAL and JAS merged their programmes in an attempt to compete more effectively with the market leader, ANA.

JAL turned up the heat when it introduced a campaign to award the massive popular *tamagochi* virtual eggs as prizes in a lottery for passengers.

ANA has followed suit with a campaign beginning later this month to offer lucky passengers a TickleMe Elmo stuffed doll, one of the hottest toys in the US last year.

In spite of all the commo-

tion, competition has so far been a big let-down.

Air fares have not fallen as much as consumers had hoped, because the scarcity of slots at busy airports means that airlines with slots do not really compete on price.

Mr Akira Kondo, JAL president, complains that his airline has not been able to compete effectively with ANA because of an unequal share of slots at airports. JAL is aiming to increase its domestic market share from 25 per cent to more than 30 per cent in passenger terms.

"In the domestic market, where 80 per cent of users are business travellers, having a large number of slots and good flight schedules makes all the difference," he says.

JAL, which was long Japan's flagship international carrier, was allowed into the domestic market only in 1986, and has lagged behind ANA in building up a domestic network. Against ANA's share of more than 50 per cent of domestic slots, JAL has just 20 per cent, and JAS 30 per cent. The recent allocation of new slots at Haneda did not do much to improve the balance.

"The allocation of slots at Haneda was not satisfactory," Mr Kondo says. "We welcome deregulation but to compete fairly we have to have a level playing field."

The hope is that further capacity at Haneda in 2000, and complete deregulation in fares, will do more to stimulate competition.

Capacity will also be added at Narita, Tokyo's international airport, and there is a chance that some of that could be used to serve more of the domestic market.

By that time, new carriers that plan to introduce substantial price cuts on their routes are likely to win further allocations, putting pressure on the incumbents to reduce their prices too, says Mr Paul Smith, analyst at HSBC James Capel in Tokyo.

Michio Nakamoto

The Financial Times plans to publish a Survey on

Pakistan

on Tuesday, August 12

For further information, please contact:

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or your usual Financial Times representative

FT Surveys

Notice Of An Adjourned Meeting
of the holders of the outstanding
U.S. \$80,000,000
3 1/2 per cent. Convertible Bonds
due 2004

Somprasong Land Public Company Limited

(the "Issuer")

NOTICE IS HEREBY GIVEN that an adjourned Meeting of the holders of the above Bonds (the "Bondholders") (adjourned from the Meeting of Bondholders convened by the Trustee for 1st July, 1997 at 11am which was not quorate) will be held at the offices of Linklaters & Paines at Barrington House, 59/67 Gresham Street, London EC2V 7JA on Tuesday, 22nd July, 1997 at 11am (London time) for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as two separate Extraordinary Resolutions in accordance with the provisions of the Trust Deed (the "Trust Deed") dated 21st January, 1994 made between the Issuer and Bankers Trust Company Limited (the "Trustee") as trustee for the Bondholders.

Extraordinary Resolution

- "That this Meeting of the holders of the outstanding U.S. \$80,000,000 3 1/2 per cent. Convertible Bonds due 2004 (the "Bonds") of Somprasong Land Public Company Limited (the "Issuer") convened by the Trust Deed dated 21st January, 1994 (the "Trust Deed") made between the Issuer and Bankers Trust Company Limited (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders") hereby:
 - the Issuer having defaulted in payment of interest due in respect of the Bonds on 21st January, 1997 and such default having continued for more than 14 days thereafter, requests the Trustee to give notice to the Issuer that the Bonds are immediately due and repayable; and
 - discharges and exonerates the Trustee from any liability to Bondholders in respect of acting in accordance with the request in (i) above.

Extraordinary Resolution

- "That this Meeting of the holders of the outstanding U.S. \$80,000,000 3 1/2 per cent. Convertible Bonds due 2004 (the "Bonds") of Somprasong Land Public Company Limited (the "Issuer") convened by the Trust Deed dated 21st January, 1994 (the "Trust Deed") made between the Issuer and Bankers Trust Company Limited (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders") hereby:
 - if notice is given by the Trustee to the Issuer that the Bonds are immediately due and repayable (whether in accordance with a request of Bondholders given in an Extraordinary Resolution or not), requests the Trustee (subject to its rights under the Trust Deed to be indemnified) to take all action which it is able to take necessary to enforce repayment of the Bonds together with all interest accrued and any other amounts due in respect of the Bonds which action shall include commencing proceedings for the winding up of the Issuer or other similar steps which may be taken by the Trustee to enforce repayment of the Bonds under the law of the Republic of Thailand;
 - requests and authorises Bankers Trust Company Limited ("Bankers") as the sole registered holder of the Bonds to appoint the Trustee as its attorney on such terms as may be agreed between Bankers and the Trustee for the purposes of carrying out the matters described in (i) above subject to Bankers being indemnified to its satisfaction;
 - agrees that prior to taking any proposed action in accordance with the request in (i) above the Trustee may, and, at the request of any Bondholder whenever the principal amount of Bonds held, shall call a Meeting of Bondholders (but shall not be obliged to do so unless indemnified to its satisfaction) for the purpose of passing an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders to:
 - approve any such proposed action; and
 - discharge and exonerate the Trustee from any liability to Bondholders and holders of the Bonds by taking any such proposed action as has been approved by an Extraordinary Resolution of Bondholders;
 - agrees that a Meeting of Bondholders which, in the opinion of the Trustee is called for the purpose of passing an Extraordinary Resolution as described in (ii) above, may be called by the Trustee on not less than 5 days' notice (exclusive of the day on which notice is given and of the day on which the Meeting is held) but otherwise in accordance with the Trust Deed; and
 - discharges and exonerates the Trustee and Bankers from any liability to Bondholders which it may have or incur as a result of the Trustee acting in accordance with this Extraordinary Resolution including any loss or reduction in total amount received or receivable by them."

Background

The Issuer failed to pay interest in respect of the Bonds on 21st January, 1997 and within the grace period applicable under the Conditions. At an informal Meeting of Bondholders held on 22nd May, 1997, those Bondholders present indicated that they wished the Trustee to give notice to the Issuer that the Bonds are immediately due and repayable and to take steps to enforce repayment of the Bonds. The Trustee is now seeking formal approval of this course of action. The Trustee is not, though, obliged to take any action unless indemnified to its satisfaction.

Bankers holds the Bonds as nominee for the Clearing Systems (described below) and has no beneficial interest in the Bonds.

The Trustee accordingly convened a Meeting of the Bondholders for 11am on 1st July, 1997 which was not quorate and at the adjourned meeting of which notice is hereby given meeting Bondholders' agreement by the Extraordinary Resolutions to the matters contained in such Extraordinary Resolutions.

The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 3 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Bonds) and financial information available to the Trustee relating to the Issuer will be available for inspection, and forms of proxy referred to below will be available for collection, by Bondholders at the specified offices of the Principal Paying Agent, Registrar and Paying, Conversion and Transfer Agents during normal business hours.

Voting and Quorum

- A holder of a Bond may, by executing and delivering a form of proxy in the English language to one of the offices specified below of the Principal Paying Agent, the Paying Agents or the Registrar not less than 24 hours before the time fixed for the adjourned Meeting, appoint a proxy.
- A corporation may by resolution in the English language of its directors or other governing body delivered to one of the offices specified below of the Principal Paying Agent, the Paying Agents or the Registrar not less than 24 hours before the time fixed for the adjourned Meeting, appoint a person to act as its representative in connection with the adjourned Meeting.
- Those who hold their interests in Bonds through CedeL Bank, société anonyme or Morgan Guaranty Trust Company of New York as operator of the Euroclear System (each a "Clearing System") and who wish to attend and vote at the adjourned Meeting should contact the relevant Clearing System to make arrangements to be appointed as a proxy in respect of the Bonds in which they have an interest for the purposes of attending and voting at the adjourned Meeting.
- Those who hold their interests in Bonds through a Clearing System and who wish to vote at but do not wish to attend the adjourned Meeting should contact the relevant Clearing System to arrange for another person to be appointed as a proxy in respect of the Bonds in which they have an interest to attend and vote at the adjourned Meeting on their behalf or to make arrangements for the votes relating to the Bonds in which they have an interest to be cast on their behalf by the Principal Paying Agent acting as a proxy.
- Forms of proxy given in respect of the Meeting called for 11am on 1st July will remain valid for the adjourned Meeting unless duly revoked or amended.
- The quorum required at the adjourned Meeting is two or more persons present in person holding Bonds or being proxies or representatives of the principal amount of the Bonds so held or represented.
- Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or the Trustee or by one or more persons holding one or more Bonds or being proxies or representatives or holding or representing in the aggregate not less than two per cent. in principal amount of the Bonds for the time being outstanding. On a show of hands every person who is present in person and produces a Bond or is a proxy or representative shall have one vote. On a poll every person who is so present shall have one vote in respect of each Bond so produced or in respect of which he is a proxy or representative.
- To be passed, the Extraordinary Resolutions require a majority in favour consisting of not less than three-quarters of the votes cast. If passed, the Extraordinary Resolutions will be binding on all the Bondholders, whether or not present at such Meeting and whether or not voting.

Principal Paying Agent

Bankers Trust Company
1 Appold Street
Broadgate
London EC2A 2HE

Paying, Conversion and Transfer Agents

Bankers Trust Luxembourg S.A.
14 Boulevard F.D. Roosevelt
L-2450 Luxembourg

Registrar

Bankers Trust Luxembourg S.A.
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NOTICE TO BONDHOLDERS
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(Incorporated with limited liability under the laws of the Republic of China)

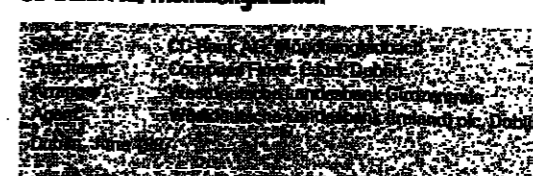
US\$75,000,000

3 per cent. Bonds due 2001

"Adjustment of Conversion Price"

NOTICE IS HEREBY GIVEN that as a result of both the distribution of stock dividends of 62,400,000 shares and of right issue of 100,000,000 shares by Far Eastern Department Stores Ltd. on July 10, 1997, the conversion price of the bonds will, in accordance with the Indenture dated July 6, 1994, be adjusted from NT\$36.25 to NT\$1.61 with effect from July 10, 1997, the record date. Pursuant to 6(A)(i) of the Terms and Conditions of the Offering Circular, the Conversion Right shall be suspended from July 8 to July 10, 1997. According to the above adjustment, the holders of Entitlement Certificates as of the record date will receive additional Entitlement Certificates as a result of such dilution event.

July 4, 1997

DM 100,000,000 Asset Backed Transaction
CC-Bank AG, Munchengladbach

WestLB

COMPANIES AND FINANCE: UK

Airline hopes to reach agreement with unions to avert next week's action

Threat of strike hits BA's profits

By Michael Skapinker, Aerospace Correspondent

British Airways warned yesterday that profits this year would be depressed as the threat of a strike by its staff was driving away bookings.

The airline also said fares were under pressure because of the strength of sterling.

BA faces the threat of action by cabin crew and ground staff. Cabin crew who belong to the Transport and General Workers' Union are threatening to strike because they say the airline has imposed a new pay structure without their agreement. Ground crew are angry over BA's plans to sell its catering operation at

London's Heathrow airport. Last night BA said it had put new proposals to catering staff, protecting their rights under a new employer. It said staff were considering these.

BA said: "The uncertainty and the task of bringing our customers back to us after any disruption, and the costs associated with exceptional contingency measures planned to handle potential industrial action, will depress current year profits."

The airline's shares fell 9 1/2p to 881 1/2p.

Mr Robert Ayling, chief executive, has said he still hopes to reach agreement with the unions, but if strikes do take place, BA

will make extensive efforts to keep aircraft flying.

The TGWU has scheduled strike action by cabin crew for next week, although BA has submitted proposals for ending the dispute to Acas, the arbitration body.

Analysts said it was not yet possible to quantify the damage to BA's profits. One said: "We still don't know if there will be industrial action. At least if there is a strike there will be some savings from not having to fly aircraft or pay people. At the moment they're flying the aircraft and losing forward bookings. It's the worst of all worlds."

A threatened strike by BA pilots last year knocked £15m off operating profits.

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A threatened strike by BA pilots last year knocked £15m off operating profits.



Sir Colin Marshall, chairman (left), with Robert Ayling

Appeal made for US-style buy-backs

By Chris Gressor and Roger Taylor

Some of the UK's leading companies, including Reuters, Barclays and Guinness, have written to the Treasury to urge the introduction of US-style share buy-backs.

The news emerged as Reuters, disappointed by yesterday's Budget, warned it would consider relocating from the UK, albeit as a "last resort".

The existence of the letter was confirmed yesterday. A similar one had been sent to the previous government.

In the US, companies buying back their own shares do not have to cancel them, as they do in the UK, and can therefore sell them again when they need to.

Furthermore, they do not pay tax to buy the shares, unlike in the UK where companies pay Advance Corporation Tax on share repurchases because they are viewed as a distribution to shareholders.

If the US model were followed, the bought-back shares would not hold voting rights or receive dividends. Nor would they be used in calculating the earnings per share figure.

According to Reuters, the proposed system would create a level playing field with US-based companies.

International companies, such as Reuters, are finding it increasingly difficult to do share buy-backs. They have to pay ACT on the buy-back which they may not be able to recover from UK profits.

Buy-backs also have to be charged against UK distributable reserves.

Tuesday's Budget compounded the problem for UK companies with large overseas earnings when the chancellor announced the abolition of foreign income dividends (Fids).

The change will mean some multinational companies which pay dividends from foreign earnings will be taxed both in the country of origin and in the UK.

LEX COMMENT
UK industrials

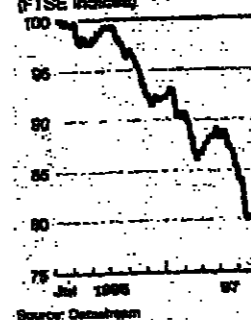
The stock market's one rational response yesterday was the mauling it

doled out to industrial stocks. Stronger sterling, higher interest rates and the need to increase pension contributions add up to a grim cocktail for Britain's manufacturers. By contrast, the Budget's 2 per cent cut in corporation tax looks a sop that will bring little comfort. No wonder shares in British Steel, Imperial Chemical Industries and most of the big engineers lost 5-6 per cent amid the general euphoria. A rising pound is the most serious threat, since it hurts manufacturers' competitiveness abroad as well as profits translation. Most City analysts, moreover, tend to use lagging exchange rate averages, so more earnings downgrades are sure to emerge. The end of dividend tax credits will also impact disproportionately on manufacturers - often mature companies which have cut their workforces but still carry pension liabilities for former employees. At British Steel, for example, a 10 per cent reduction in the actuarial value of its pension fund could knock up to a fifth off this year's estimated profits as it is forced to step up contributions.

Nor is much relief in prospect next year. While the pound may soften during 1998, the domestic economy looks set for a slowdown. And most of the growth will come from consumer spending: the Treasury itself is forecasting growth in manufacturing output of only 1 per cent. Whatever Mr Gordon Brown's fine words, this was not a Budget for UK industry.

General Industrials

Relative to the All-Share (FTSE indices)



Source: Comshare

Brussels probes Lonrho stake deal

By Stefan Wagstyl, Emma Tucker and Roger Matthews

The European Commission yesterday began examining the proposed deal under which Anglo American, the South African mining combine, would transfer control of a 26.7 per cent stake in Lonrho of the UK to JCI, South Africa's first black-run mining group.

Mr Nicholas Morrell, Lonrho chief executive, has said the deal represents "an elegant solution" for Anglo. JCI and Lonrho have discussed a

possible merger, focusing on combining their South African coal interests. Talks broke off on Monday after more than five weeks.

The Commission investigation follows an announcement on Wednesday that JCI had acquired an option, exercisable in December, to buy the £326m (£538m) Lonrho stake from Anglo and its associates.

Anglo is selling the shares after the Commission objected to Anglo's purchase of the Lonrho stake, on the grounds that it would give

Anglo an excessive influence in the world platinum market. Both Anglo and Lonrho are significant producers of the metal.

The commission has given Anglo two years to sell the shares and has barred the company from voting all except 9.99 per cent of its stock in the meantime.

However, the Commission will scrutinise the latest deal carefully because of the close links between Anglo and JCI.

Anglo owns 18 per cent of JCI and has rights to appoint

some JCI directors. The Commission said it was looking at the connections between the two companies.

It could be that the proposed deal would not be approved.

Mr Mzi Khumalo, chairman of JCI, insists that while Anglo retains an effective 18 per cent shareholding in the company and has the right to appoint directors, this does not approach operational control.

He said last night: "Anglo American does not control JCI and has already indicated that it intends to sell

its residual stake in the company at an opportune moment."

JCI was sold to Mr Khumalo's African Mining Group as part of Anglo's contribution to black economic empowerment in South Africa.

Under the terms of the option, JCI can call on Anglo and its associates - De Beers Consolidated Mines and The Southern Life Association - to sell its Lonrho shares, or Anglo and its associates can require JCI to purchase them.

Analysts strive to put a value on Billiton

Billiton, the base metals division of Gencor, the South African mining group, plans to issue a prospectus on Monday valuing it at up to \$4.5bn (\$7.42bn). The size of the listing and the scarcity value of mining groups on the London Stock Exchange makes this a high-profile flotation.

Advisers believe the group's immediate entrance into the FTSE 100 will attract index funds, while investment managers who want an exposure to the mining sector will appreciate having an alternative to Rio Tinto, the biggest London-listed mining group.

"The fact that you've got eight banks out there trying to sell it, is also going to drum up some demand," said one investment banker not involved in the deal.

Yet in spite of the hoopla expected to attend the roadshows over the coming weeks, the flotation is attended by some uncertainty.

Valuations range from \$3.5bn to \$4.5bn, excluding the \$600m expected to be raised. A consensus figure of about \$3.9bn gives a price of nearly 250p a share.

UBS, one of the two lead brokers to the issue, suggested that Billiton

should trade at a discount of 15-21 per cent to Rio Tinto, its more established competitor. UBS calculates that this would put Billiton at a p/e for the year to the end of June of between 20.5 and 21.8 times.

Using an estimate of \$335m for profits before tax and exceptional, this values Billiton at \$6.8bn to \$7.3bn.

An independent South African broker arrived at a valuation of \$6.58bn for the group by using a "sum of the parts" calculation. This includes the "traditional South African method" of using directors' assumptions for the value of some

assets. A simple net asset valuation is difficult to apply to Billiton because figures are not available for all the parts.

Hoare Govett used a discounted cash flow method and then compared the group with Rio Tinto. The broker's expected valuation of between \$3.9bn and \$4.2bn is based on a belief that the market will initially value Billiton at a 10 per cent discount to Rio Tinto partly because the management is less well known and the assets are mostly in emerging markets.

Heron in £80m City development

By Virginia Marsh

Heron International, the property company run by Mr Gerald Ronson, is to spend £80m (£132m) to develop a large new office building on a prime site in the City of London.

The company, which was rescued in 1995 by US investors but is now expanding, said it was buying the freehold of 40-46 Queen Victoria St from Lloyd's Bank.

It would develop a 115,000 sq ft office building with 11 levels and car parking. The development is speculative and the company hopes it will be able to let it to a single tenant as a headquarters building. There is a shortage of similar-sized accommodation in the City. The move is the third

development project in the City that Heron - believed to be the UK's largest private company until it ran into difficulties in the early 1990s - has unveiled in six weeks.

Since December it has announced a series of investments worth close to £600m. These include a £200m land development project in Wales and a £135m leisure project in France and Spain. In May it said it would invest £100m to provide 190,000 sq ft of office space at two sites in the City.

It has given few details of the financing of the projects, other than to say it would come from shareholders.

Heron declined to reveal the purchase price of the Queen Victoria St property, which is included in the £80m development cost.

Rexam makes £18m disposals

By Anatoli Lioven

Rexam, the packaging group, yesterday sold five more companies for £18m (£29.7m).

The sales form part of a wide-ranging disposal programme begun in December. The deals were handled by Rescan Octagon, which was specially formed to carry out the programme.

The combined turnover of the five businesses in 1996 was £56m and their operating losses amounted to £5.6m. Net assets amounted to £17.5m, including disposal provisions. They included Rexam Cartons and Flexible Packaging, based in North

Carolina, sold to a management team for £12.3m; and Dispenser, an aerosol valve maker, sold for £5m - including £1m deferred - to Lindal Ventel of Germany.

Rexam has sold 14 businesses for a total £57m since December. Mr Roddy Child Villiers, director of group communications, said with about 70 per cent of the programme intended to be completed by next June, the process was ahead of schedule.

The shares closed down 7 1/2p at 248p, having fallen from 217p in mid-1996. It has been hit by volatile paper prices and destocking by customers.

Newlands quits GEC

Mr David Newlands is to stand down after eight years as finance director of the General Electric Company. Mr Newlands, 50, will leave next week, just before GEC unveils the outcome of its six-month strategy review, as well as its annual financial results, on Tuesday. GEC said his successor would be announced soon.

He was associated with the management style of Lord Weinstock, the long-standing managing director who retired last September. However, his brand of detailed financial management is thought to have worked less well with Mr George Simpson, who succeeded Lord Weinstock.

Before joining GEC, Mr Newlands had been finance director of the advertising group Saatchi & Saatchi. Prior to that he had been a senior partner with the accounting group, Touche Ross, where he had worked for 23 years.

Bernard Gray

Microvitec warns on first half

Microvitec, the computer software and networking group, yesterday warned shareholders that first half pre-tax losses will be "worse than expected" and will wipe out net profit from disposals.

The warning, the latest in a series of trading statements from the group over the past year, led to the shares falling a further 2 1/2p to 13 1/2p. The shares collapsed last summer after Microvitec issued two profits warnings in four months.

In May, shareholders at the annual meeting were told to expect "heavy trading losses" to continue throughout the first half. However, the group said yesterday that it had since experienced increasingly difficult trading conditions in its display division.

As a result first half losses of about £3m were likely, eliminating the £2.9 net profit made on the £7.3m disposals of CSM and Microvitec Systems Integration. Microvitec said the display division, which manufactures computer monitors and exports more than 70 per cent of production, had suffered from the strength of sterling and resulting fierce competition from imports. The group noted that Silcom, its Canadian networking subsidiary, had returned to profit after last year's losses. Paul Taylor

More makes Danish purchase

More Group, the outdoor advertising company, has made two acquisitions for a total £2.8m.

Its Trans-Media subsidiary has become the largest outdoor advertising company in Denmark with the £2.7m purchase of Aras of Copenhagen. It has also, through Wennergren-Williams, its Swedish subsidiary, acquired a 40 per cent interest in Exopolak, the Estonian outdoor advertising company, for £200,000 in cash. The city council of Tallin, owns 51 per cent, with the remaining 9 per cent owned by management and city officials. Wennergren-Williams has pre-emption rights over the shares it does not own.

Also, yesterday, More said its transit advertising division, MoreTrans, had won the transit advertising contract for Stockholm.

The company's shares rose 1 1/2p to 570p.

This announcement appears as a matter of record only.

June 1997



Slovenský plynárenský priemysel š.p. ("SPP")

DEM 270,000,000

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Managers:

Landesbank Sachsen Girozentrale
Morgan Guaranty Trust Company of New York

Magyar Kalkereskedelmi Bank Rt.
The Nikko Bank (UK) plc

Participants:

Banque et Caisse d'Épargne de l'État
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Banca Nazionale del Lavoro S.p.A.,
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Citibank International plc

CITIBANK

ING BARINGS

سكرا من الامل

RECRUITMENT

Berlin is experimenting with ways to reduce the city's jobless, says Robert Taylor

Helping hand for the unemployed

Germany's social market model is facing widespread criticism in the UK and the US for being allegedly bureaucratic and not flexible enough to resolve its mass unemployment, which is the highest since the last years of the Weimar Republic.

But the evidence to back up this assertion remains elusive. Some of the activities of the German employment service suggest far more innovation is going on than is often supposed.

The apparent willingness to respond positively to mass unemployment can be seen in Berlin, where active labour market measures such as job creation for the long-term unemployed, linked to intensive vocational training, are making some impact in the city's most deprived districts, despite severe financial constraints on public budgets.

The city council would like to halve Berlin's unemployment rate of nearly a quarter of a million people by the year 2000. This looks like a difficult target to meet, particularly as Germany's capital is attracting thousands of foreign con-

struction workers who are prepared to work for substantially lower wages than their German counterparts.

But the council has been encouraging experimentation with a range of measures designed to encourage small and medium-sized companies to hire workers from the ranks of the long-term unemployed.

The development of employment promotion companies is one of the best examples of what is being attempted in Berlin to assist the jobless. These are commercial but non-profit making bodies run by social entrepreneurs, technologists or former academics. They provide "socially necessary and useful" work for the long-term unemployed in specific sectors such as environmental protection and alternative energy generation. The companies are not regarded as charitable organisations and they are expected to generate income

if not a profit. However, they are not supposed to compete directly with the private sector but carry out work that would not otherwise have been done. Berlin city council sees the companies as a "bridge" between the employment service and the business world.

Employment promotion companies are expected to recruit at least half their workforce from the unemployed. Specific groups have priority: men and women over 45, young people under 25, single parents, non-nationals, disabled and long-term jobless. A preference is given to women, who are supposed to get half the placements available.

The companies are required to pay recruits from the employment service wages and benefits in line with negotiated agreements and this is a substantial cost. The package ensures the jobless work a normal full-time week and receive

up to 80 per cent of what they would be expected to receive in the "normal" labour market.

Funding for the employment promotion companies is provided by the city council with assistance from the European Union and the German federal government for three years at a time, amounting to a maximum per employee of DM25,000 (\$14,535) for the first year, DM22,500 for the second and DM20,000 for the final year.

A good example of the employment promotion company is Atlantis, based in the rundown Kreuzberg district. Founded in 1989 just before the fall of the Berlin Wall, it specialises in the provision of subcontractor services for ecologically friendly products such as solar and wind energy systems, school meals and house insulation.

In its first five years, Atlantis created 400 publicly supported jobs. Employing

about 50 people at any one time (half of them women) in its Kreuzberg operations, the company provides intensive on-the-job vocational training.

There are only 30 employment promotion companies in Berlin so less than 5 per cent of the long-term jobless benefit from the maximum 12 months they can spend on their payroll. However, most of those involved are able to find a permanent job after that experience.

But the small scale of the initiative is a serious drawback. The cost per worker seems expensive: more than twice the number could participate if their wages were cut substantially.

However, the German trade unions insist that the employment promotion companies must accept existing collective agreements, no doubt fearful that their comparative success could undermine wage rates in the "real" economy.

The employment promotion companies reflect some of the tensions in Germany's social market model. On the one hand, employment promotion meets a genuine need and provides a bridge from unemployment to work. But on the other, over-generous regulations established in better economic times inhibit the expansion of such companies across Germany.

The esteem gap

No "parity of esteem" exists between employees with academic qualifications and those with vocational qualifications in the UK, according to a study of the earnings and qualifications of full-time employees by Mr Peter Robinson of the Centre for Economic Performance at the London School of Economics.

Those with academic qualifications measured by the number of Advanced and

Ordinary level passes at a given level are more successful in getting access to more highly paid occupations than others with vocational qualifications.

Mr Robinson believes that his findings "call into question the way in which the UK's National Targets for Education and Training have been formulated".

"Those who make or influence public policy say academic and vocational qualifications do or should have a parity of esteem," he argues. "But this flies in the face of the evidence from the labour market which shows this is not true. The labour market provides clear signals which explain why young people with the best GCSE scores at age 16 tend to opt for the academic 'A' level route rather than the vocational route. To do so is rational because it is likely to get them a better job."

Mr Robinson's report shows that on average men

and women in full-time employment who have academic qualifications at one level in the national qualifications framework earn about the same as those with vocational qualifications set notionally one level higher. Employees with 'A' levels have earnings similar to those with higher or level 4 vocational qualifications while those with five or more 'O' levels or higher grade GCSEs have earnings similar to those with level 3 qualifications.

"The labour market provides clear signals which explain why young people with the best GCSE scores at age 16 tend to opt for the academic 'A' level route rather than the vocational route," says Mr Robinson. "Academic qualifications tend to offer access to more highly paid occupations and often pay a higher wage within some of those occupations than their nationally equivalent vocational counterparts."

"The myth of parity of esteem; earnings and qualifications. Working paper 885, from Centre for Economic Performance, London School of Economics"

BANKING FINANCE & GENERAL APPOINTMENTS



AT THE HEART OF THE CITY

As regulation develops and expands in the UK and globally, it is an exciting time to be part of the Securities and Futures Authority. The SFA is at the heart of the City, monitoring and regulating the activities of some 1,400 firms.

Surveillance Inspectors get to know their authorised firms, assist them with interpreting and understanding SFA rules and ensure compliance with those rules through inspections and monitoring. You will gain a tremendous insight to the City, whether you are involved in regulating major investment houses, firms who deal in the futures markets or members of the stock exchange. The following groups in the Surveillance Division are looking for professionals from a variety of backgrounds:

CORPORATE FINANCE

The Corporate Finance Group covers all types of issues from the smallest to the largest transactions. They are looking for individuals who have either practical experience of corporate finance or are accountants/internal auditors with experience in the financial services industry.

INSTITUTIONAL

The Institutional Group is looking for adaptable and numerate individuals who may be qualified/part qualified accountants in a medium or large investment house. Candidates could also be compliance officers with 2/3 years experience in a larger house or an internal auditor, possibly involved in the risk profiling of investment activities.

PRIVATE CLIENTS

Those working in front, middle or back office functions in a private client firm should consider the Private Clients Group. Qualified/part qualified accountants, possibly from a small audit firm, would also be suitable.

DERIVATIVES

The ideal candidate for the Derivatives Group will be an enthusiastic individual with an enquiring mind who is a qualified/part qualified accountant in a derivatives firm. Candidates could also be involved in internal audit or regulatory reporting with experience of exchange derivatives or metals.

MULTI-PRODUCT HOUSES

This group regulates the largest securities houses and investment banks and requires candidates who are able to target and focus on the key issues. You could be an accountant with large client audit experience or be working within a risk management or control function in a large house.

All candidates should be committed and professional with excellent communication skills, sound judgement and the ability to develop effective working relationships.



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International Recruitment Consultants
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Interested applicants should contact Matthew Hubbard at Michael Page City on 0171 269 2476 or send a CV with current salary details, indicating which group(s) you are interested in joining, to him at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 405 9649 quoting reference 185019.

FINANCIAL MARKETS
SENIOR CREDIT ANALYST

SURREY

Cargill is one of the world's largest privately held companies, employing 76,000 people world-wide in a diversity of businesses which include processing, distribution, trading and financial services across 66 countries.

The Financial Markets Group is one of the company's fastest growing businesses; this position is to support the activities of the European hub with offices currently in 12 countries.

Working for the Trading Group which covers the Capital and Emerging Markets, and reporting to the European Risk Manager, you will be responsible for:

- The provision of in-depth analysis of all credit exposures.

- Ensuring that credit policy, procedures, analysis, exposure measurement and reporting meet appropriate standards.

- Working collaboratively with Risk Management and other Credit personnel based in the US and Asia to design and implement a new global exposure measurement and reporting system.

This high profile role offers exceptional opportunities to make an immediate and recognisable contribution to the business.

You should be a graduate with formal credit training gained in a Banking environment. You should have a minimum of five years experience in either credit,

treasury, or financial risk management and a broad exposure to European corporates and financial institutions.

In addition you will be familiar with a broad range of traded products and their documentation. Some travel in Europe will be required as the role demands.

Interested applicants should contact Gavin Bonnet at Robert Walters Associates on 0171 379 3333 or write, enclosing a detailed Curriculum Vitae, stating current salary, to 10 Bedford Street, London WC2E 9HE. Fax: 0171 915 8714. Email: gavin.bonnet@robertwalters.com

All applications will be treated in the strictest confidence.

ROBERT WALTERS ASSOCIATES

LONDON WILSON AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

TREASURY RISK ANALYST

SWITZERLAND

The Bank for International Settlements, based in Basel, provides highly specialised services for Central Banks, and in turn to the international financial system. It is represented by approximately 460 employees and 27 nationalities.

Reporting to the Head of Treasury Risk, an opportunity exists for a Risk Analyst whose responsibilities will include:

- maintenance and development of the market risk and performance

measurement framework;

- assisting in maintaining and strengthening reporting systems for risk and performance;
- developing an understanding of new products used in the Bank;
- assisting dealers in monitoring and managing risks.

You are likely to be a graduate with at least two years' experience in either treasury risk management or middle office. In addition a working

knowledge of German and/or French would be an advantage.

Interested applicants should contact Gavin Bonnet at Robert Walters Associates on 0171 379 3333 (or fax on 0171 915 8714) or write, enclosing a detailed Curriculum Vitae, stating current salary, to 10 Bedford Street, London WC2E 9HE.

Email: gavin.bonnet@robertwalters.com

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Due to an internal career development move, Morgan Stanley is seeking an experienced Editor to join the Editorial team in its Equity Research department. Applicants should have impeccable English language skills, superior proof-reading ability and a full understanding of the financial methodology and terms used in a typical equity research publication. They should also be able to demonstrate a high level of awareness of development in the world of business and finance.

Applicants will be graduates and will have, or be willing to take, the Series 16 (Supervisory Analysts) examination. Computer skills are essential. The successful candidate is likely to be working already in this field, or to have a solid background as an editor with a financial journal or as an equity analyst.

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Please send your résumé in confidence to: Samantha Pollock, Office of Development, Morgan Stanley UK Group, 25 Cabot Square, Canary Wharf, London E14 4QA.

Applications should be clearly marked 'Ref: Senior Editor/Research' and should arrive no later than 18 July 1997. Previous applicants need not apply.

MORGAN STANLEY DEAN WITTER

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Corporate Finance · Quants · Capital Markets

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For further information on career opportunities or to arrange a confidential consultation, please contact Susan Morley (Corporate Finance) Sarah Mellerick (Quants, Capital Markets) Badenoch & Clark 16-18 New Bridge Street, London EC4V 6AL Tel: 0171-353 0073 Fax: 0171-353 3908.

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THE INDIVIDUAL

You must have excellent communication skills, a track record in managing people, and knowledge of the fund management industry. German and/or other European languages would be an advantage.

To apply, please send your CV and a covering letter to Elizabeth Williamson at Shepherd Little & Associates Limited, Cleary Court, 21/23 St Swithins Lane, London EC4N 8AD.

Tel: 0171 626 1161 Fax: 0171 626 9400

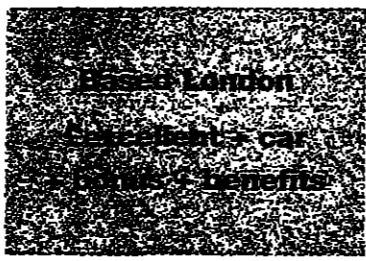
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The roles will provide direct relationships with derivatives practitioners and products, supervising teams that provide financial support for those people and products. This support will include involvement in pricing, risk management, general financial accounting, regulatory, tax and treasury related matters.



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Key responsibilities will be: ☐ analysing banks, insurance companies and other financial institutions; ☐ evaluating the counterparty credit risk and the efficiency of security structures; ☐ monitoring credit exposure, verifying limit compliance. The successful candidate will have the opportunity to develop credit policies and to enhance the EIB's credit exposure measurement and monitoring techniques.

Qualifications: ☐ university degree in finance/economics; ☐ several years' relevant credit experience, acquired within a bank or rating agency; ☐ strong analytical and communication skills, required to draft clear credit opinions and financial reports; ☐ team player, capable of working as part of a small, high-profile group of bank analysts in liaison with loan officers and other departments; ☐ familiarity with advanced quantitative credit risk measurement and management techniques would be an advantage.

Languages: excellent knowledge of **English** or **French** and a good command of the other is essential. Knowledge of other Community languages would be an advantage.

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Applicants, who must be nationals of a Member Country of the European Union, are invited to send a detailed curriculum vitae, either in English or French, together with a letter and photograph, quoting the reference, to:

**EUROPEAN INVESTMENT BANK, RECRUITMENT DIVISION,
Ref. PMA 9703, L-2950 LUXEMBOURG. Fax: + 352 4379 2545.**

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GROUP TREASURY

Group Treasury is one of the 6 key businesses of the Halifax. It is already a major participant in sterling and interest rate markets and we have plans to expand to make the most of the opportunities presented by conversion. It's a dynamic and changing environment where one of our objectives is to strengthen key parts of the Treasury team to reflect best market practice and create a centre of excellence in market and credit risk management.

MARKET RISK MANAGERS

Risk management is at the heart of Group Treasury's current activities and future plans. These plans include significant developments in both the trading and asset/liability risk management capabilities of Group Treasury. An opportunity now exists to join the Group Treasury Risk Management team at a new and exciting stage of its development.

The team is responsible for the control and management of market risk arising from all the business areas across the Halifax Group. Responsibilities include limit monitoring, exposure modelling, the assessment of the market risk implications of new retail and treasury instruments and increasingly the pro-active identification of opportunities for enhancing profitability.

We now need additional Risk Managers who will be involved in all aspects of existing activities and future developments. Part of a small team, the roles will involve close involvement with systems developers as well as ongoing contact with the front office and the retail business areas.

You will have attained at least graduate status with an additional post-graduate or professional qualification being an added advantage together with a minimum of three years' relevant experience in a capital markets or Treasury environment. You will, of course, have substantial PC skills and be competent in a wide variety of systems applications. You should also have practical experience of systems selection. We also require the ability to work as part of a team together with a pro-active and flexible approach. (Ref MRM)

RISK COMPLIANCE MANAGER

You will manage the regulatory and compliance aspects of our risk management activities providing specialist advice and establishing and maintaining a control framework. It will also be important to develop relationships with financial institutions, regulators and other specialist advisors to ensure that Treasury always has the best advice on all matters affecting risk management.

You should have at least five years' senior level experience in the compliance and regulatory field of a large financial organisation. Specialist Treasury knowledge would be an advantage. The ability to provide and communicate professional expertise in the specialist area of risk management both within the department, to senior management, and to appropriate regulatory bodies, is essential. (Ref RCM)

HEAD OF CREDIT

Your role will be to manage and control credit risk exposures within Treasury to provide a credit framework for the assessment of risks associated with Treasury activity including commercial lending, structured finance and leasing. You will research and review new and existing credit techniques to ensure the Halifax is at the forefront of new developments. You will also need to represent the Halifax externally to project the desired corporate image.

Degree qualified, you will have at least ten years' progressively senior experience in the credit operations of a major bank or similar organisation. You must have broad knowledge of best banking practices in a wide range of activities including structural transactions. It is essential that you are able to provide and communicate professional expertise throughout the organisation. (Ref HC)

CREDIT MANAGERS

You will analyse business opportunities and counterparties to ensure that the appropriate information is available to dealers and management for decision making purposes. This will include supporting the development of credit systems and undertaking complex investigations into transactional Treasury business to ensure the credit perspective is represented.

With at least three years' experience within a credit function of a major bank or similar

organisation, you will have obtained a full understanding of financial accounts and the use of financial analysis with a high degree of numeracy and PC skills. Detailed knowledge of Treasury instruments would be an advantage. (Ref CMG)

COMPLIANCE MANAGER

You will be responsible for the identification, surveillance and monitoring of all compliance issues, the provision of transactional guidance and advice to traders, new product and market developments, policies and procedures and assistance with customer/counterparty enquiries.

To bring value to this role, you will have an extensive up-to-date knowledge of Bank of England and SFA requirements developed over at least five years within a leading bank, a regulator or as a consultant. In addition, you should possess a strong personality, be numerate, have working knowledge of markets and instruments traded and be a skilled communicator. (Ref CM)

DOCUMENTATION MANAGER

Reporting to the Head of Documentation, you will be responsible for the documentation of a wide variety of capital markets, money markets and derivative products. You will be required to liaise with and advise front and back office areas within Treasury and to provide guidance on market and products.

To bring value to the Documentation Team, you will have two to three years' experience within the legal/documentation section of a leading bank or legal firm and have a relevant qualification. In addition, you should possess a strong personality with good interpersonal skills, have an ability/desire to understand new products and markets and be prepared for a hands-on involvement in the expansion of Treasury business. (Ref DM)

The remuneration packages for all these posts will reflect current market conditions.

GROUP RISK

Following the establishment of a central Group Risk function, these new roles, whilst focused on Treasury, cover a much wider brief encompassing the full balance sheet with an approximate value of £11.5bn. Our business activities include mortgage lending (£80bn), retail banking, consumer credit and a wide range of financial services. Acting at both the micro and macro level, the range of activities undertaken will continue to expand rapidly and we need high calibre individuals who will relish the challenge of a constantly changing environment.

GROUP MARKET RISK MANAGERS

Your primary role will be to provide expertise on market risk, managing the development and maintenance of a market risk policy framework across the Group. You will also review and independently assess methodologies for valuing Treasury instruments as well as any proposals for new activities. It will be up to you to manage the design, development and implementation of a comprehensive market risk/balance sheet management system. You will also provide support to other business centres in managing their market risks.

With a degree in Mathematics/Statistics, you will have extensive experience of current risk management methodologies and systems, including value at risk and Monte Carlo simulations, and detailed knowledge of derivative products. Good, all-round management ability including oral and written communications, project management and presentation skills will be allied to wide experience of computer-based management information systems. (Ref GMR)

GROUP INSTITUTIONAL CREDIT RISK MANAGER

You will be the Group expert on all aspects of institutional credit risk providing support to the Group Credit Committee and confirmation to the Board that credit issues are subject to rigorous and informed independent review. You will manage the development and maintenance of a Group-wide institutional credit risk policy framework and continually review the Group's activities to identify areas of actual or potential credit exposure.

With at least ten years' experience in the development of credit policies and assessment of institutional credit risk, you must be able to review complex transactions such as structured finance and leasing. A proven record of success in taking credit risk decisions will be allied to first-class communication skills. (Ref GIC)

For all posts the salary and benefits packages will reflect your skills and experience and will not be a barrier to the right candidates. A comprehensive range of benefits on offer includes relocation assistance where necessary.

To apply, please send full CV including salary expectations to Mrs G Sykes, Head Office Personnel, Halifax plc., Trinity Road, Halifax, West Yorkshire HD1 2RG. Please quote the reference of the post(s) you are interested in.



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CITY

The Company
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The Candidate
The successful candidate will have either a formal credit training or a recognized accounting/business qualification, plus a minimum of 5 years credit risk management experience, at least 2 of these in a trading environment. Exposure to European international non-bank financial institutions counterparties is essential, and knowledge of fund managers, pension funds and hedge funds would be a particular advantage. Strong product knowledge will also be required. Strong interpersonal skills and the ability to work well as part of a team are critical.

The remuneration package will reflect the importance of the role and the specific skills and experience of the successful candidate. Interested candidates should write, enclosing a full CV (stating current salary) to:

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■ Work alongside local teams in Central Europe to ensure comprehensive due diligence, constructive contribution to management of investee companies and active communication with investors.

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■ Early to mid 30s, ideally an experienced private equity investor with a strong interest in the region. Alternatively, relevant financial services experience in investment banking, M&A or management consulting.

■ Preferably MBA or ACA. Analytical, numerate, with demonstrable commercial acumen. Strong communication skills essential; fluency in a relevant language desirable. Able to travel extensively.

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It is essential that applicants can demonstrate excellent communication skills, appropriate credit or research experience gained over at least 3 and up to 10 years within an investment bank or rating agency in Europe or the USA.

It is unlikely that applicants with less than first class academic qualifications and relevant analytical training/experience gained within prestigious institutions will meet this clients needs. Fluency in one or more European languages would be valuable.

Please send your CV/Resumé to Ron Bradley, Managing Director at the address below.

JONATHAN WREN

Jonathan Wren Search & Selection Limited
34 London Wall, London EC2M 5RL
Telephone 0171 588 0828 Facsimile 0171 588 0830

SEARCH & SELECTION

morphosys

CHIEF FINANCIAL OFFICER

IN ONE OF EUROPE'S MOST EXCITING BIOTECHNOLOGY COMPANIES

MorphoSys is one of Europe's leading biotechnology companies. Based in Munich, the company is rapidly expanding as it commercialises its combinatorial biology drug discovery technologies. A major alliance with Pharmacia & Upjohn forms the core of the company's collaborations.

Having recently completed a major funding round, the company now wishes to appoint a Chief Financial Officer to lead the financial management of the company to an IPO in 1998 and beyond.

YOUR ROLE WILL BE:

- Guiding the company through a flotation on one or more international stock markets.
- heading the company's finance and administration.
- management of the company's existing contract portfolio and participating in the structuring of new deals.
- maintaining and developing investor relations.
- interacting with financial and regulatory authorities.

YOUR QUALIFICATIONS AND EXPERIENCE WILL INCLUDE:

- a sound understanding of corporate finance including GAAP/IAS.
- university qualification or MBA.
- the ability to work in an international setting.
- experience of high-tech companies, preferably from the life sciences sector.
- an ability to integrate into an entrepreneurial, emerging company structure.
- fluency in English, and proficiency in German.

This is a unique opportunity to join one of Europe's most exciting biotechnology companies at a crucial stage in its development. The position will carry a salary and share option package commensurate with the position.

To apply for this position, please send applications to:

Ms. Claudia Weib - MorphoSys GmbH
Frankfurter Ring 193 a - 80807 Munich - Germany

The Bank for International Settlements

an international organisation in Basle, Switzerland, established in 1930 to promote the co-operation among central banks and to provide additional facilities for international financial operations, currently has the following openings in its Banking Department

Portfolio Manager (Ref. # 97381)

The successful candidate will join a small team managing international bond portfolios. He/she should be a university graduate and have at least 2 years' trading experience in fixed income related markets. A practical knowledge of financial mathematics, investment theory and economics are essential, and specialist experience in either derivative instruments or investment modelling would be a significant advantage.

In addition to a very good command of both written and spoken English, fluency in another language (such as Spanish, Russian or Chinese) would be an advantage.

The Bank employs 460 staff members from 27 nationalities and offers attractive conditions of employment as well as excellent welfare benefits.

Candidates should send their application, together with references, to the Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland quoting the relevant reference number.

Central Bank Dealer (Ref. # 97382)

The successful candidate will join a small team responsible for financial transactions with central bank customers. He/she should have a university degree and preferably a higher education qualification in finance or banking, bringing at least 2 years' trading experience, especially with money-market instruments. He/she should be able to draft well in English and be an open and skilful communicator. Computer literacy is essential.

TRADER

Asset Swaps

Excellent Remuneration - London

Our client, a leading global investment bank, now seeks an outstanding individual to join its High Grade Asset Swaps desk and strengthen its existing expertise. Based in London and reporting to senior management, the successful appointee will be responsible for: risk management and trading of High Grade Asset Swaps; executing transactions in accordance with established risk management strategies and risk parameters; contributing to the formulation of strategies; and managing and building client relationships.

Candidates should meet the following minimum criteria:

- Superior and current trading and structuring experience within a leading investment bank, ideally three years or more, in High Grade Asset Swaps.
- Proven expertise and a thorough knowledge of derivative products including market liquidity and volatility, pricing and hedging strategies.
- Ability to build and maintain existing senior relationships with both New York and London counterparties and clients.
- An MBA coupled with a first class academic history.
- Well developed interpersonal skills together with superlative IT skills.

For the successful candidate, the rewards in terms of career progression and remuneration will be high.

Applicants should forward their Curriculum Vitae in strict confidence to: Alastair Lyon, Confidential Reply Handling Service, Ref. 1013, Associates in Advertising, 5 St John's Lane, London EC1M 4BH. Closing date: 18th July 1997.

Applications will only be sent to this client, but please indicate any organisation to which your details should not be forwarded.

aia

HR MARKETING & COMMUNICATIONS

Join a fast expanding company in Morocco

A branch of the first French banking firm and a large Moroccan Bank, we are responsible for the primary and secondary markets, and we work for domestic and international institutional customers. To assist us in our development, we are looking for:

4 Financial Analysts

Casablanca - local contract

After 6-8 years in a banking firm, or in a Shares Trading Room of a bank, you have acquired a real know-how in economical and financial studies, on industrial and/or financial securities.

If you wish to settle in Morocco, you will find an opportunity to evolve with us, in a rapidly developing market. Within a small team of analysts, you will work with several issuers, whose evolution you will follow. Thus, you will compile the different data, which will give assistance to our UCITS' sellers, negotiators and managers.

You will take part in the phases prior to study and analyses of the issuers likely to move into the Stock Market (public offering, privatisations). Finally, you will know how to reply to the needs for information and clarification of the different internal contacts.

It is your technical competence (financial, statistical and economical), your ability to communicate and to obtain information, and of course, your good relational sense that you will rely upon.

You should have a good command of English.
Please send us your application (hand-written letter, CV and your current salary level) quoting reference NG/FT to our consultants:
Eurogroup Participations, 17 rue Louis Rouquier, 92300 Levallois-Perret, France.

EUROGROUP
PARTICIPATIONS

PUBLIC FINANCE ANALYST

Attractive salary & benefits London

Standard & Poor's, the leading global credit rating company, is looking for an analyst to join its public sector team primarily focusing on eastern and central Europe.

The position will involve analysis of regional and local governments, transportation companies and other areas within the public sector. This high profile role will require meetings with senior management of rated entities and with relevant regulatory or monitoring authorities. You will be required to analyse factors affecting operating and financial risk, as well as external factors such as the economic environment and government policy.

You will need to be a graduate with three to five years work experience in one of the above sectors. Fluency in both English and Russian is essential and knowledge of one or more European language is desirable. In addition to your strong financial and analytical skills, you should be a confident self-starter and excellent communicator with strong interpersonal skills. Possession of a current UK/EU work permit would be a distinct advantage.

This is an exciting role for someone with a keen interest in new areas of analysis in the public sector. There are several avenues for diversification within the role and, for the right individual, good progression in terms of responsibility and position. We offer an attractive compensation package that will fully reflect your skills and experience.

Please write, enclosing a full CV and salary requirement, to: The Personnel Department, Standard & Poor's, Garden House, 18 Finsbury Circus, London EC2M 7BP.

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Euro DM Booth Broker

LIFFE floor

If you are an experienced Euro DM Booth Broker, this is an opportunity to develop your career by joining an international securities broking house and working in its futures operation.

To succeed, you must have between three and five years' experience of broking the product on the LIFFE floor, backed by a thorough grasp of the Euro DM market. An excellent track record is essential, together with the ability to create, implement and manage futures strategies and products.

To apply, please write with full details of career to date and current earnings, quoting ref: 15479/FT, to TMP Worldwide, Garden House, Cloisters Business Centre, 8 Battersea Park Road, London SW8 4BG. (If there are any companies to whom you do not wish your details to be forwarded, please mark your envelope 'security check' and note them separately.)

صكا من الامل

JAMES RIVER SENIOR INFORMATION SYSTEMS AUDITOR

BRUSSELS

James River Corporation, with 1996 consolidated sales of \$5.7 billion, is a leading marketer and manufacturer of paper-based consumer products, packaging and business, printing and converting papers. The company has a total of approximately 60 manufacturing facilities located in the United States, Canada and Europe. As the second largest worldwide producer of tissue products, James River markets such widely recognised brands as Quilted Northern bathroom tissue, Brawley paper towels, Vanity Fair napkins and Dixie cups and plates in North America, and Lotus bathroom tissue, towels and facial tissue in Europe.

For their Brussels-based European Headquarters and coordina-

tion centre, they are now recruiting a "Senior Information Systems Auditor", reporting to the Director of Internal Audit Europe.

Responsibilities will include:

- Participation in European IT strategies by planning and conducting (joint) operational, financial and IT audits;
- Active involvement in training and ongoing developments in IT related areas throughout Europe;
- Implementation of an IT audit strategy, including development and utilisation of automated audit tools;
- Liaison with operating companies' general managers, IT

directors and other HQ management and staff.

The ideal candidate must have:

- A university degree in Economics or Computer Sciences, preferably with an additional CISA or CIA qualification;
- A minimum of 5 years of IT experience of which 2 to 3 years in internal /external audit;
- The ability to combine business and IT issues and some knowledge of SAP R/3, BPCS, Exchange, Internet, HP Unix and EDI;
- Strong communication skills and fluent English and French, any other European language would be advantageous;

- Willingness to travel throughout Europe (Approx 40%).

James River Corporation offers an excellent salary and benefits package, an amiable and dynamic work environment, as well as the opportunity to develop an international career with a fast growing multinational company.

Interested candidates can call Jean-Marie Benker at Robert Walters Associates (Tel: 32/2/511.66.88) or send their curriculum vitae by fax to 32/2/511.99.69 or to the following address: Robert Walters Associates, Avenue Louise 66 box 5, 1050 Brussels, E-mail: bwt@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

US GLOBAL INVESTMENT BANK FINANCIAL INDICES SALES

LONDON

This successful company is a market leader in global investment banking and securities. The company serves both suppliers and users of finance around the world providing capital - raising services, developing and offering innovative financial products for a wide range of institutional clients.

An opportunity has arisen for an exceptional individual to join a specialist team within this organisation. Forming part of a comprehensive sales force responsible for numerous high quality financial products, the team provides stock indices information to investment managers in the UK and Pan-European markets.

The successful candidate is likely to be working for a leading financial

institution or a financial information services company and will be able to demonstrate the following:

- At least a three year proven track record in a demanding sales environment
- A genuine interest and an in-depth understanding of UK and European equities, in particular performance measurement
- The ability to develop and maintain strong working relationships
- Exceptional communication and presentation skills, both verbal and written
- The ability to work under pressure and meet deadlines
- A strong academic background

& COMPETITIVE SALARY + EXCELLENT BENEFITS

- The ability to speak a second European language is essential

This is an exciting opportunity for an individual to join a market leader with an outstanding reputation for providing long term career progression.

If you have the necessary pre-requisites, and believe you have what it takes to develop your career in this dynamic and exciting international business please contact Sonia Thomas at Robert Walters Associates by sending a detailed Curriculum Vitae stating current remuneration to 10 Bedford Street, London WC2E 9HE. Tel: +44 171 379 3333. Fax: +44 171 915 8714. E-mail: sonia.thomas@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND



Jardine Fleming CORPORATE FINANCE ANALYSTS

HONG KONG BASED, ASIAN FOCUS

Jardine Fleming is the leading investment house in the Asia-Pacific region with a unique combination of financial services and an unrivalled network of offices.

The corporate finance department employs over 170 professionals in 15 countries throughout the region. Voted "Best M&A House in Asia for 1996" by Finance Asia Magazine and the number one bookrunner in 1996 for Asian convertible issues, the department has an unrivalled reputation for corporate finance and capital markets services in Asia.

As part of its drive to further strengthen the department, the company

wishes to recruit a small number of graduate analysts of the highest calibre.

The successful candidates will:

- Have graduated from a top university in the last three years with an upper second or first class degree.
- Be fluent in spoken and written English. Asian language skills will be an advantage.
- Be numerate, preferably with computer-related skills.
- Possess the necessary commitment and drive to succeed in a dynamic, team-based environment.

EXCELLENT OPPORTUNITY

Demonstrate an informed interest regarding recent major developments within the Asia-Pacific corporate finance market.

Successful candidates will attend a formal training programme in London in September/October of 1997.

Interested parties should contact Sonia Thomas at Robert Walters Associates on +44 171 379 3333, or send a detailed CV to Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Fax +44 171 915 8714. Email: sonia.thomas@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

International Finance Manager, Continental Europe

Central London

THE COMPANY

- Publicly quoted Financial Services Group with revenues in excess of £700m.
- Specialists in the non-banking sector with operations in over 70 countries worldwide.
- A market leader in their chosen fields of expertise.
- Its reputation for success has been achieved through consistent client servicing, innovation and new product development.

THE ROLE

- Reporting to the International Finance Director and Regional Managing Directors, you will provide the Continental European operations with financial, business and strategic support.
- Create, implement and monitor performance measures in order to meet profitability and efficiency
- Develop annual budgets and implement internal controls, systems and procedures.
- Executive ad-hoc projects are likely to include acquisitions and disposals.

c. \$45,000 + Car + Usual Benefits

THE CANDIDATE

- A qualified Accountant or MBA, with a strong academic background
- In excess of 5 years' post qualification experience, ideally gained within an international role/environment
- A proven track record of achievement in strategic and commercial areas.
- Some Corporate Finance experience would be an advantage, as would European language skills

To apply, please send your Curriculum Vitae to: Andrew Gill at Axworthy Oliver Gill Associates, St Martin House, Priory Court, Philip Street, London, NW1 6DB. Telephone 0171 329 3434, Fax 0171 782 0020, Email: jaggy@axogill.co.uk



FUTURES TRADER FOR FUND MANAGER

High calibre individual is required as a trader for a successful Futures Fund.

The applicant should have at least one year's experience dealing in international futures markets. The Fund uses technical analysis extensively, so a good understanding of charting techniques would be beneficial.

The position is based in the City, within one of Europe's leading companies in the field of specialist fund management.

Compensation will be through salary and a performance related bonus.

Please write enclosing your CV to:
PO Box 984, London EC4R 2TL

REGIONAL MANAGER EUROPE

Well established U.S.A. based International Financial Services Company is seeking Regional Manager to work out of London or Zurich.

Responsibilities to include: operational management of company offices in Europe, recruit & direct agents & company employees, regulatory compliance maintenance. Develop & implement budget & marketing strategies & long term plans. Maintain & secure banking relationships. Full charge of financial management.

Ideal candidate will have min. 5-7 yrs. business, sales or marketing exp. Understanding of currency issues a plus. Should have advanced university degree in business admin., marketing or finance. Full command of English req'd & knowledge of Spanish preferred. Experience with regulatory/tax matters helpful. Strong communication & data processing skills important.

Mail resume and salary history. All replies will be kept strictly confidential. Box 291, Suite 1008, 110 West 34th Street, New York, NY 10001 - U.S.A.

Investment Management Marketing Professional

Alliance Capital Management, a leading international investment advisor with \$182 billion in assets under management worldwide, seeks an experienced investment management sales and marketing professional to expand our presence in the United Kingdom and other European countries.

The ideal candidate will have a minimum of eight years experience in the financial services industry, preferably consulting and/or marketing investment products, as well as a comprehensive knowledge and understanding of the investment management industry in Europe. A University degree is required; advanced degree (MBA) is desirable. Strong analytical and presentation skills are essential.

This exceptional opportunity, based in London, offers a competitive compensation package with significant upside potential for a results-driven individual. For prompt and confidential consideration, please fax your resume with salary history to: 0171-470-1614 (London), Ann: JMK

AllianceCapital



DIRECTOR - RUSSIAN PROGRAMS

NGO/In last six years Dr. to manage assistance projects & office in Russia. CD oversees dev of projects in capital cities, coastal & inland regions. Acts as liaison with foreign clients, USG and NGOs. 10+ yrs exp in fundraising, strong negot and representational skills, & exp living in Russia req'd. MA in bus, fin or public policy pref. Moscow-based. Please send resume and salary req to: Financial Times, Box # A5469, Number One Southview Bridge, London, England SE1 5EL.

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Financial Times

TD SECURITIES EUROBONDS SALES

LONDON

TD Bank is a highly rated Canadian Chartered Bank with a well established presence in London and other financial centres globally. As an integral part of our global strategy in investment banking, the London office is experiencing significant growth.

An opportunity currently exists for a dynamic person to join our Eurobonds sales team. The position will be responsible for sales to a European client base. Reporting directly to the Head of Sales, the successful candidate will have a minimum of 2 years' sales experience in a financial environment, complemented with an appropriate degree in economics or maths and SFA qualified. Fluency in one or more European languages is a pre-requisite. The desire for success through an energetic approach toward client relationships and teamwork is essential.

This is an excellent opportunity to join a fast paced and high profile, professional team. A competitive remuneration package is available to the successful candidate.

Please submit a full CV to: Director, Human Resources, The Toronto-Dominion Bank, Triton Court, 14/18 Finsbury Square, LONDON EC2A 1DB.

THE TORONTO-DOMINION BANK

An equal opportunity employer

Issued and approved by the Toronto-Dominion Bank.
TD Securities is a trade name of The Toronto-Dominion Bank
regulated by the SFA and of its subsidiaries worldwide.

Associate Investment Banking

EXCELLENT + BENEFITS LONDON

Our client, one of the world's leading international financial institutions, requires an Associate to join its European Investment Banking Division to be responsible for analysis of equity, debt and structured financing for major Latin American corporations and financial institutions.

Applicants must have:

- A strong first degree in Economics and Finance and an MBA
- 3 years' experience of the Latin American domestic financial markets within an Investment Banking environment, at least 2 years of which must have been at senior level.
- At least 2 years' first-hand experience of local equity, finance and corporate M&A products
- Fluency in Spanish, Portuguese and English.

If you have the necessary skills and experience, please send your full CV, quoting Ref: JH11, which will be forwarded to our client unopened. Write to Park Human Resources, 3 Portland Place, London W1N 4HR. Fax: 0171-636 6611.

London 0171 636 6611, Birmingham 0121 745 2172, Bristol 01454 614275
Manchester 0161 236 5889, Edinburgh 0131 313 1307



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Financial Times

Coopers
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Coopers & Lybrand is operating at the forefront of the global telecommunications industry, shaping and implementing strategy across key business and policy issues including:

- Competitive strategy
- Market entry and licence bids
- M&A and joint venture planning
- International business development strategy
- Pricing and product development
- Costing and interconnection
- Privatisation and regulation

To strengthen our leading position within this most dynamic of markets, we now seek experienced telecommunications consultants, industry professionals and financial or strategic analysts who can contribute to international assignments of wide ranging scope and diversity.

With an excellent academic background (high quality degree in economics/finance or engineering combined with an MBA) and experience gained within a telephone operator, cellular provider or multimedia

environment, you should demonstrate particular expertise in some of the following areas:

- Business Economics
- Corporate Finance
- Quantitative Marketing
- Strategic Marketing

A strong analytical or strategic bias is essential and will ideally be complemented by a solid grounding in finance and a second European language.

These positions will appeal to ambitious and dedicated individuals looking to significantly increase their profile within a world class organisation. To succeed, you will need both the professional credibility and outstanding personal qualities necessary to operate at the highest levels of client service on a worldwide basis.

To apply, please send your full CV indicating current remuneration level to: Claire Poynter, Management Consulting, Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN, quoting reference FT168 on both envelope and letter.

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ACCOUNTANCY APPOINTMENTS

INTERNATIONAL COMMERCIAL ACCOUNTANT MAJOR INTERNATIONAL GROUP

SURREY

With a turnover approaching £2 billion, this UK based Group operates across Europe and North America. They are a leading supplier of building products to the construction, electrical and home improvement industries, commanding significant market share.

To facilitate the continuing success of its operations and to ensure controlled expansion a key role has been identified. Reporting to the Head of Corporate Audit, responsibilities will include:

- Developing and improving processes for assessing and managing business risks
- Opportunity to contribute to the development of the Corporate Audit function
- Maintaining effective systems of internal control across all businesses within the group
- Special assignments and other projects

Candidates will be qualified accountants with at least three years post qualification experience, preferably gained in an internal audit function.

Knowledge and experience of the latest auditing techniques is essential as is a commercial outlook. The ability to work effectively in a total quality environment with

SALARY TO £40,000 + FX CAR

people of all levels is vital, as are strong verbal and written communication skills. This outstanding opportunity will appeal to an ambitious individual who enjoys working on international assignments. Career prospects are excellent.

Interested candidates should send a CV to Samik Patel ACCA at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 379 3333 or fax: 0171 915 8714.

E-mail: samik.patel@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

REGIONAL CONTROLLER - UK INTERNATIONAL

WATFORD

TO £45K + CAR + BENEFITS

Hilton International, part of the Ladbroke Group, is amongst the strongest global hotel brands with over 160 hotels carrying the name in 49 countries. The UK business has a high concentration of Hilton hotels, over 40, and the company is continuing to grow both in the UK and internationally.

Hilton UK International includes such prestigious names as the London Hilton on Park Lane and the Langham Hilton. The Regional Controller has financial and operational responsibility to ensure that each of the hotels

maximises their performance and profit level potential.

The position will involve liaising with financial and non financial staff, recommending and implementing change where appropriate. This is a high profile role, requiring a mix of commercial awareness coupled with a hands-on approach to the business. Applicants should be graduate qualified accountants with a minimum of 3 years commercial experience. Relevant service industry exposure would be advantageous, as would proven project

management and results orientated achievements. An outgoing personality, proactive approach and willingness to travel within the UK is required.

Interested candidates should send a current CV to Nicola Whiteman at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 379 3333. Fax: 0171 915 8714.

E-mail: nicola.whiteman@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

صلى الله عليه وسلم

OFFSHORE
HEDGE FUND

FX & Bond
Traders

Salary
Unlimited

Marks & Spencer sets the standard for retail excellence worldwide. It is determined to build on this years' profit before tax of over £1.1bn, a marked increase on the previous year. The group is therefore set to continue its record of rapid expansion.

The future strategy is for continued UK and international growth both in retail and financial services with expansion into mail order.

The finance team plays a critical part in the management and development of the business working extremely closely with the operating divisions. Its remit includes not only providing technical expertise at the highest level but also contributing strongly to the direction of the business.



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NBS Selection - Financial Management
Selection and Search

Financial Controllers

THE POSITIONS

- ◆ Lead and develop teams to provide full financial and operational support to two critical developing business areas: Mail Order and Logistics. Work with operational management and participate in decision making.
- ◆ Provide effective management information, business planning and analysis in support of rapidly changing structure. Maintain full Profit and Loss responsibility for divisional performance highlighting business risks and opportunities.
- ◆ Actively participate in the formulation of divisional strategy. Drive increase in divisional revenue and profit through instigating change.

QUALIFICATIONS

- ◆ Qualified accountants or MBAs. Commercially astute and technically strong. Minimum of seven years' experience gained in major international plc or management consultancy with a record of achievement, progression and commercial contribution.
- ◆ Proven record of participating in change management and strategic direction. Intellectually strong and lateral thinking.
- ◆ Credibility and stature to liaise and influence at the highest level. Excellent communication skills. Highly ambitious with aspiration to progress quickly through the group.

Ref LG70617

MARKS & SPENCER

Financial High Fliers to Shape the Future

Packages To Attract The Very Best In The Field

Senior Finance Managers

POSITION

- ◆ Full responsibility for managing production of group interim and year end consolidated financial and statutory accounts, including published reports.
- ◆ Provide ad-hoc financial information for the Board. Contribute to international accounting legislation and review its impact on group companies.

Ref LG70615

POSITION

- ◆ Manage production of monthly, quarterly and annual group management accounts for submission to Board. Analyse financial information and provide commentary on variances.
- ◆ Drive continual development in financial and management reporting processes improving performance measures to facilitate more effective business control. Provide ad-hoc financial information for Board.

Ref LG70616

QUALIFICATIONS

- ◆ High quality degrees. Qualified accountants ('top ten' firm or blue chip company trained). Technically excellent with proven commercial acumen. Minimum of seven years' experience gained in professional or major plc with record of achievement and progression.
- ◆ Demonstrable experience of improving financial and management reporting. Understanding of need for effective business information.
- ◆ Exceptional communication skills both written and oral. Credibility and stature to influence at highest level. Proven managers and team orientated. Highly ambitious and determined to succeed.

THESE POSITIONS WILL BE BASED IN HEAD OFFICE IN LONDON BUT MAY INVOLVE INTERNATIONAL TRAVEL.

Please send full cv, stating current remuneration, quoting relevant ref, to NBS, 54 Jermyn Street, London SW1Y 6LX
Fax 0171 491 0447 Tel 0171 493 6392 or Email to simons@nbs-selection.co.uk or browse the M&S web site at <http://www.marks-and-spencer.com> Closing date for applications is 24th July 1997



Marks & Spencer is an Equal Opportunities Employer

Chief Financial Officer

Financial Services

Our client is a leading triple A rated financial services company with annual revenues in excess of £1 billion and assets of over £10 billion. The company is one of the UK's leading providers of savings, investment products and services.

East Anglia

Reporting to the Chief Executive, the CFO is a pivotal and highly influential member of the company's Executive Committee, and will play a crucial role in the strategic direction of the business.

Up to £250,000
Package (incl.
performance
related pay)

Responsible for Finance, Accounting, Actuarial and Administration, he/she will be expected to instil a stronger commerciality into decision making and will be the protector and champion of shareholder/appraisal value.

In addition to these operational responsibilities, the successful candidate will be expected to play a pivotal role in the Group's strategy formulation and the implementation of that strategy.

He/she must possess a proven track record in a leading financial role within a blue chip company characterised by innovative and creative business management. Aged 30 to 40 and educated to degree level, he/she is likely to be a Chartered Accountant.

It is essential that the successful candidate is able to demonstrate the aptitude for working as part of an entrepreneurial team as this individual will be actively involved in ground breaking activity.

He/she will also be an excellent communicator. A key part of this job is to understand and communicate the unique, often abstract economics of a financial services business in terms that are intelligible to non-actuarial members of senior management and staff, thereby lifting the profit performance of the Group as a whole.

To apply please send your CV to Andrew Sinclair-Smith, Riley Consultancy, 4 Red Lion Court, London EC4A 3EN. Tel: 0171 353 3223; Fax: 0171 583 2527, quoting reference S17/FT.

Riley

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Group Accounting Manager

Major Quoted Industrial Group

Central London

c.£60,000 + Car + Bonus

Our client is a publicly quoted industrial company with turnover of circa £1 billion. It has a wide international spread of businesses, enjoying strong market positions in niche sectors. Following recent restructuring activity, the business is poised for substantial growth through acquisitions and organic development.

A Group Accounting Manager is now sought as part of a strengthening of the finance team. Reporting to the Deputy Finance Director, the Group Accounting Manager will:

- manage the group financial and management accounting function, providing an increasingly commercial input to the business;
- lead and develop a focused financial team, ensuring continuous development of the skill base and creating a strong team atmosphere;
- take responsibility for budgeting and planning activities, contributing to broader group activities on an ad hoc basis.

Candidates will be Chartered Accountants or equivalent in their late twenties to mid thirties, ideally 'big six' trained and currently holding a relevant role in industry, although exceptional candidates still in the profession will also be considered. First class technical skills are imperative and should be allied to a significant record of achievement to date. Key personal attributes will include a direct, proactive style, the ability to challenge the status quo and the personal credibility to achieve respect at all levels throughout the organisation.

This is a highly visible opportunity to join a progressive group undergoing considerable change, led by a dynamic senior management team. A competitive remuneration package is on offer, including company car, bonus and a full range of benefits.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 728J on both letter and envelope, and including details of current remuneration.



SEARCH & SELECTION

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Traders

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Offshore Hedge Fund seeks to recruit FX and European Bond Traders for a new office in London. The successful applicants will be 30+ with approximately 10 years track record of successful position-taking in these markets, with a major institution.

Salary will be paid tax-free as a direct proportion of profits generated. We are looking for genuine outstanding trading talent, so the starting date of employment will be entirely flexible. Interested candidates should still apply now, even if they would not wish to leave their current posts until the end of the 1997 bonus season.

Write to: Box A5439, Financial Times,
One Southwark Bridge, London SE1 9HL

FINANCE MANAGERS

THE COMPANY: Our client is one of the leading global high-tech companies providing mobile communications, semi conductors, advanced electronic systems, components and services with a turnover in excess of \$20 billion, employing more than 140,000 people worldwide across one hundred countries.

Our client is committed to expansion in some of the fastest growing arenas in the world. As part of a compound growth rate of 35% per annum, they wish to recruit finance professionals for the future.

The Roles: The Finance Manager reports directly to the Regional Finance Manager and will have responsibility for the following:

- Execution and managing team resources
- Assessing and controlling operations in Russia and Central & Eastern Europe
- Accounting, budgeting and forecasting
- Regulatory and tax reporting
- Preparing, reporting, financial planning and analysis of monthly/quarterly cash flows
- US & local GAAP reporting

THE PEOPLE: This is an opportunity for ambitious individuals looking to develop a career with excellent long term prospects. You will have:

- A superlative academic background in finance with a business degree and a recognised international professional qualification (e.g. ACCA, CIMA or CPA)
- Strong interpersonal skills are a prerequisite operating in a multi-cultural environment
- An international perspective
- Russian or dual nationality with fluent English (other East European nationalities would also be considered)
- Experience of trade finance would be an advantage
- Excellent report writing and presentation skills.

Candidates who are interested in this position or similar positions in Central & Eastern Europe should forward their CV in strictest confidence, quoting reference FT3134, to:



Antal International, Shropshire House, 1 Copper Street,
London WC1E 6JA. Telephone: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949,
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Group Finance Director

Six Figure Package

Surrey

Our client is a global organisation with divisions covering engineering manufacturing, contract engineering and supply operations. Its contract activities involve the construction of infrastructure projects, typically with life cycles of several years and values ranging from £1-100 million, throughout the world. The company now requires a Group Finance Director to be based at its headquarters in Surrey. Reporting to the Chairman, as a member of the Group Board, responsibilities will include:

- Co-ordinating the formulation of, and adherence to, the corporate financial plan and guiding the financial and IS performance of the Group to ensure strategic objectives are met.
- Responsibility for organisational issues within the financial departments of the operating units and ensuring sound accounting policies and practices are being used for the generation of accurate and timely financial statements for them.
- Treasury management, tax and financial planning across the Group, including currency risk management.
- Counselling the board on plans for business building, development and implementation of policies and

programmes for profit improvement and financial management.

Managing relationships with the city, external auditors and advisors.

Ideal candidates will be degree educated qualified ACA's with a minimum of 15 years post qualification experience incorporating a broad range of organisational management, logistics and IS involvement gained in international blue chip environments. They will display analytical and sound judgement skills as well as initiative, business acumen and credibility commensurate with a position of this seniority. Their track record will demonstrate the ability to make a significant contribution at a strategic level to the performance and profitability of the company.

To apply, please forward your CV with a covering letter in the strictest confidence to our advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please include a daytime telephone number and current salary details and quote reference number HNF200FL. You may also apply via http://taps.com/Harvey_Nash

HARVEY NASH



Director of European Finance & Administration

Six Figure Package

Paris

Established for 20 years, our client is one of the world's leading suppliers of EC software and services - an enviable position when considering that this market is set to double in size by the year 2000. Revenues for 1996 were approximately \$250 million, and their client list includes 96 of the top 100 US industrial corporations and 91 of the top 100 US banks. The European business is experiencing growth rates in excess of 100% per annum and to capitalise on this growth, they now require a Director of European Finance & Administration. Reporting to the VP European Operations, responsibilities will include:

- Providing timely accurate financial plans and forecasts by European regions.
- Overseeing and approving all contract negotiations.
- Participating in the strategic planning for the European region and provide thorough financial analysis of European operating results compared to plan.
- Assisting in the development and direction of business systems management and human resources functions for all European offices.

Assisting the VP of European Operations in all phases of business management and development.

Candidates will be business degree educated, qualified accountants with a minimum of 7 years P&F and at least 5 years management experience, gained within software environments. They will possess technical and comprehensive knowledge of finance, financial planning, accounting and tax issues in the context of a European business. They will also have excellent organisational, decision making, communication skills and be fluent in English and at least one other main European language.

This is an excellent opportunity for a commercial and entrepreneurial finance professional to take the reigns of a rapidly expanding US company in Europe.

If you have the required skills and experience, then please write to the advising consultant including a current CV, including daytime telephone number and salary details, to the advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please quote reference number HNF198FT. You may also apply via http://taps.com/Harvey_Nash

HARVEY NASH



Enterprise Oil



Operations Accounting Manager

London

Excellent Package

Managing a team of six, you will be responsible for providing a high quality joint venture accounting service in respect of the Company's assets in the UK & Overseas. Primary responsibilities will include:-

- Accounting for our joint venture activities, both operated and non-operated.
- Extensive contact with Area Finance Managers on accounting issues.
- Development of joint venture accounting procedures & systems.
- Submission of financial reports to governmental authorities, partners and head office management.

You will have a strong industry background in upstream oil and gas. A self-starter, with a strong service orientated approach, you should have excellent communication and proven supervisory skills. You should be used to providing high quality and accurate information to tight deadlines and be able to work on your own initiative with a minimum of supervision.

Reference 357601

Both positions offer outstanding career opportunities in a FTSE 100 company with an excellent track record to date and a commitment to future growth. Interested candidates should send a covering letter and curriculum vitae, quoting the appropriate reference to Malcolm Kelly, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN.

Enterprise Oil is one of the world's leading independent oil exploration and production companies. The group has an international portfolio of assets in 15 countries including substantial businesses in the UK, Norway, Italy and the US and a market capitalisation of over £3 billion. Its success since formation in 1983 has been built on a commitment to quality, encouraging creativity and nurturing an environment which attracts outstanding professionals. Continued growth has created an opportunity for two high calibre commercial accountants, one to join the Operations Team and one situated in the UK Asset Teams.

Business Analyst

London

Excellent Package

Playing a lead role in the continued development of the Area Finance Teams that support the UK portfolio of assets, you will have extensive liaison with Operational Management. Principal responsibilities will include:-

- Assisting in the business planning/forecasting for the UK assets.
- Preparation and control of operated and corporate budgets.
- Extensive project work and analytical review.
- Financial modelling.
- Liaison with the central finance department.

You will be a qualified accountant with proven analytical skills and a minimum of three years industry experience. Excellent presentation skills and the ability to develop strong working relations with non-finance managers are considered essential. The ability to meet deadlines and prioritise is a prerequisite along with being able to work on your own initiative.

Reference 357603

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Looking to build upon existing industry based audit experience or perhaps seeking your first move as a professional? Either way you will have gained exposure to modern manufacturing operations. The geographical spread of UK subsidiaries allows for flexibility of location. An excellent remuneration package will recognise your early potential for Financial Directorship.

Interested applicants should contact Paul J Blake on 0116 255 9937 or apply in writing enclosing full CV details and quoting reference number 97/0303 to Crescent Search & Selection, 9 Upper King Street, Leicester LE1 6XP. e-mail: Sales@Crescent-recruitment.co.uk

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Herts

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Reporting to the Managing Director, key areas of responsibility will include:

- Overseeing the preparation and production of management, financial and statutory accounts, providing detailed commentary.
- Maintaining relationships with Banks, Inland Revenue, Auditors and Professional Advisors.

- Financial strategy, budgetary control and sales analysis.
- Company secretarial, joint venture and treasury accounting.
- Provision of financial expertise relating to capital expansion and acquisitions.
- Continuing the development of IT strategy.

The ideal candidate will be a highly intelligent chartered accountant, with experience of a similarly sized business in a related sector. You must be able to inspire respect and foster confidence in colleagues of all levels and convey the strengths of your policies to the management team.

Interested applicants should forward a comprehensive CV including details of current remuneration, quoting reference 357712 to Joe McShane at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.



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Financial Information Manager

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Reporting to the Financial Controller, key areas of responsibility will include:

- Preparation of monthly and periodic management reports to management team, Executive Management Committee and Board.
- Managing a team of 19 staff.
- Preparation of budgets and forecasts.
- Supporting over 40 Budget Managers to meet financial targets.
- Financial modelling in conjunction with the Regulation Manager.

To perform this role, you must be able to demonstrate a track record of innovative management reporting.

The ideal candidates will be qualified accountants with at least three years experience of leading and managing similar processes. You must have strong interpersonal skills, and be able to deal with all levels of employees, management, customers and other external bodies. The ability to influence change in an increasingly complex regulated environment is a pre-requisite. Interested applicants should forward a comprehensive CV including details of current remuneration, quoting the above reference to Paul Smith at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.

Financial Accounting Manager

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Reporting to the Financial Controller, the candidate will be responsible for:

- Managing a team of 21 staff.
- The accounts payable and sales ledger function.
- Controlling the company's cash position.
- Liaising with suppliers, bankers, customers and other water companies.
- Developing process improvements.

To perform this role, you must be able to demonstrate a track record of innovative systems development and process improvements.



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GE Capital

Chief Financial Officer

Czech Republic

\$ Excellent

GE Capital is one of the world's largest and most successful financial services companies and part of GE's \$70 billion global enterprise. In Europe, GE Capital's core businesses range from credit cards to equity capital, aircraft leasing to real estate and employ more than 15,000 people. In the past few years, GE Capital has acquired an average of one European company every fortnight and expects to grow further still. AFS, a leading provider of financial services across the automotive industry, has recently extended its European presence through an acquisition in the Czech Republic.

Reporting to the General Manager, the CFO's initial role will focus on the processes and integration strategy for the acquired company's transition, working with the GE Corporate Finance functions, auditors and headquarters in Europe and America. Responsibilities will include managing the finance function, co-ordinating corporate treasury and ensuring the financial systems are accurate, timely and adhere to GE and Czech requirements and standards. Additionally, you will be involved in assessing further acquisition opportunities.

This is a senior position extending across all disciplines of the business, therefore you will demonstrate very strong financial acumen, flexibility in your approach and solid all round commercial skills. As a result of the acquisition, the position requires a self-starter to be a core part of the management team from the outset. You will be a qualified accountant with international management experience, ideally in financial services, preferably speak Czech and have outstanding communication skills.

In return, GE Capital offers unrivalled international opportunities and the chance to join one of the world's most successful companies in one of the world's fastest developing regions.

If you are looking to pursue a formidable career in a dynamic region, send your CV (in strictest confidence and quoting reference 349529) to Michelle Sobor, Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LN, UK or fax on +44 171 404 6370. Alternatively, telephone on +44 171 269 2383.



Michael Page Eastern Europe

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City

Our client is a core subsidiary of a global financial organisation specialising in debt activities including structured products, derivatives, emerging markets, asset trading, underwriting and syndications, bond trading and distribution. Due to their continuing growth and as part of an ongoing process of strengthening their management team, they now seek a high calibre professional for a newly created rôle assisting the Deputy Managing Director and Head of Operations. Responsibilities will include:

- Providing pro-active support and specialist advice to the Board of Directors on all finance and operational matters.
- Acting as a key intermediary with the regulatory bodies, external auditors and Head Office.
- Overseeing the day-to-day management and development of the finance, accounting and settlements departments (a total of 26 staff).

Suitable candidates will be graduate-qualified accountants

with a minimum of 5 years' PQE gained in a banking/securities environment. They will need to bring a breadth of finance, operations and systems experience sufficient to fill this senior management rôle as well as a depth of technical and commercial expertise and excellent communication and interpersonal skills.

The position offers an exciting opportunity to have a real influence at senior management level and make a significant contribution to the ongoing development of the organisation.

If you believe you have the experience and qualities required, please send a comprehensive CV, including daytime telephone number and details of your current remuneration package, to the advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032). Please quote reference number HNF196FT. You may also apply via http://lps.com/Harvey_Nash

HARVEY NASH



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City

c.£40,000 + benefits

Our Client, a major international banking organisation has dramatic plans to expand their London investment banking operation. As a direct result, it is seeking a recently qualified accountant to play a key role in product control. This is an exciting opportunity to move into investment banking and gain immediate exposure to a wide and complex range of products, dealing directly with traders and departmental heads.

Candidates must be numerate and control conscious, with the ability to develop and implement new and innovative ideas in a fast moving and growing environment. Confidence and strong communication skills are essential as

candidates will often be dealing directly with senior management, and be at the forefront of a growing team.

Ideally, candidates will be graduate accountants with a genuine interest in investment banking and product control. Career prospects and the opportunity to progress within this prestigious bank are excellent.

Interested candidates should send their CVs stating current remuneration to:

Carol Jardine,
Jardine Kelso,
53 Shepherd's Hill,
London N6 5QP
or fax to 0181 341 4463.
Ref JK/0046

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Financial Planning Manager

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Our client is a UK leader in the media and entertainment arena who due to continued European expansion, now seeks a young and vibrant ACA/CIMA with 3-5 years PQE. With responsibility for the divisional finance function and reporting to the Divisional Finance Director, your main duties will include:

- Business planning and budget formulation including identification and explanation of variances
- Conducting project led assignments to aid development of corporate strategy
- Strong financial control of royalties, cashflow and banking activities for internal and external financial reporting
- Development of management information systems

Exposure to the industry would be a distinct advantage, but more importantly drive, ambition and the ability to add value will be rewarded with excellent progression opportunities.

To discuss this opportunity telephone the Agency on 0171 405 4161 quoting reference no: 54300 or alternatively send your details to her at the address below:

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We are committed to develop fully the talents and skills of our staff through comprehensive training and the opportunities arising from working at the forefront of financial sector thinking and development. Working in multi-disciplinary teams, our consultants are London based but opportunities for international travel are frequent through our work for global clients.

Please apply in writing quoting reference TK3A with full career and salary details to: David Jones or Carole Weedon, The DP Group, Nightingale House, 1-7 Fulham High Street, London SW6 3JH. Telephone: 0171 460 7900. Fax: 0171 460 8030.

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BUSINESS & IT REVIEW

Central London

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These are career stepping stones - there is a long established record of promotion from this team into varied roles within the group. Following such moves, we seek 2 high calibre replacements.

Preferably aged c27/35, applicants should have a computer audit or systems background in a major accountancy practice, commerce or the public sector. With exposure at the highest level, an adaptable approach and strong communication and reporting skills are essential.

Please write, enclosing a career history and daytime telephone number, to David Tod BSc FCA quoting reference D/301/F.

Financial Systems Analyst

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To £35,000 + Benefits

We are one of the largest single-source providers of network integration solutions in the world. Operating in over 50 countries and with a client list which numbers some of the world's most pre-eminent companies, we understand the meaning of truly global solutions.

That is why we are commencing a project which will unify our global financial systems. We are now seeking an innovative individual to join our Financial Systems team to define, develop and implement new practices throughout our international operations. In addition, you will be responsible for developing and rolling out changes to the standard accounting system.

Gaining an in-depth understanding of our accounts system (SunAccounts) you will be working closely with the Financial Systems Manager and accounts departments outside the UK to review financial reporting and to define and implement a common reporting solution. You will be responsible for the hands-on development of the reports using Sun Accounts, as well as co-ordinating the implementation of these reports internationally.

To enjoy success in this role you will require the ability to interpret, understand and implement innovative solutions to complex problems. A strong

West London + International Travel

communicator with a disciplined and well organised approach, you will also require:

- Experience of developing complex Excel spreadsheets.
- Experience of report development (eg reporting tools such as Crystal Reports, Access or reports through Excel spreadsheets).
- Experience of management accounting (preferably in a multi-national environment).

In addition experience of working with SunAccounts or a knowledge of Novell/Windows or UNIX would be beneficial.

Whether you are a financial analyst who has moved into a systems role or a systems professional with a good knowledge of accounting, this is a real opportunity to gain an in-depth exposure to financial systems in an international environment.

If you believe you would flourish in this environment, please send a CV and covering letter to our advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Remember to include your current salary details and a daytime telephone number. It is important that you also quote the reference number HN2805FT. You may also apply via http://taps.com/Harvey_Nash

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This is a pivotal, user-facing management role in the organisation - a role which offers an unusually high level of visibility, along with considerable autonomy and the chance to 'make things happen'. With the support of a small resource team, your objective will be to manage the relationship between our technical support function and our round-the-clock production processing team. But in addition to managing a helpdesk facility, solving user problems and protecting the security of our systems, your remit will also include the strategic planning and implementation of improvements to our systems architecture.

You must be able to demonstrate a detailed technical knowledge of Windows NT on the desktop and server, networking and communication techniques, Novell Netware, UNIX (preferably AIX) and E-mail. A familiarity with Internet technologies, encryption and firewalling techniques and security administration would prove useful, as would a relevant professional qualification and previous management experience. Above all, we are looking for someone with the energy and enthusiasm to make an impact from the very outset.

In addition to the chance to expand your talents in a management role, we offer a highly attractive package which includes full banking benefits and will fully reflect your importance to the organisation.

Please apply with full CV stating current remuneration, and a covering letter describing your suitability for the position, to: Vanessa Trigg, Daiwa Europe Bank plc, Condor House, 14 St Paul's Churchyard, London EC4M 8BD. Closing date for applications: Wednesday 9th July.

DAIWA

Daiwa Europe Bank plc

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- Use combination of industry knowledge and recruitment skills to source the best people for our clients.
- Understand fully the business requirements. Recommend and deliver optimum solutions. Ensure repeat business.
- Play key part in the strategic development of this new company. Generate substantial earnings.

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- Graduate. Record of significant achievement within information technology or financial services sectors.
- Previous consulting/recruitment experience an advantage but not essential.
- First-class communication skills. Passion for quality and client service. High levels of energy, commitment and enthusiasm.

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INTERNATIONAL CAPITAL MARKETS

US figures drive Treasuries higher

GOVERNMENT BONDS

By John Labate in New York and Michael Lindemann in London

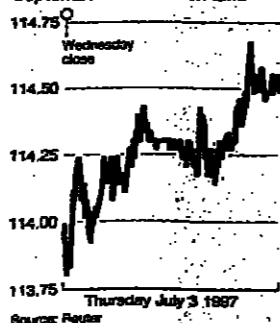
A sudden surge in US Treasuries, driven by higher unemployment and slower wage growth in the US, helped push European markets higher.

US TREASURIES soared in trading before the Independence Day holiday, on the release of an eagerly-awaited employment report. The price of the benchmark 30-year Treasury bond rose 1 1/2 to close at 99 1/2, sending the yield down to 6.822. The two-year Treasury note gained 1/4 to 100 1/4, yielding 5.915 per cent while the 10-year bill rose 1/4 to close at 102 1/2, sending the yield to 6.297 per cent.

The unemployment rate was reported at 5.0 per cent for June, a rise from 4.8 per cent in May and 4.9 per cent in April. Non-farm payrolls for June increased by

Long term UK gilts

September 97 future on Liffe



217,000, a weaker rise than many economists expected.

"This lessens the market's fear of any further tightening of interest rates later this year," said Ms Cheryl Katz, senior economist at Merrill Lynch in New York.

Average hourly earnings for the first six months of 1997 rose at a 3.2 per cent annual rate, below the 4.0 per cent for the same period in 1996.

Gilts stage recovery from 'over-reaction' to Budget

Gilts staged a comeback yesterday as investors digested Mr Gordon Brown's first Budget, writes Michael Lindemann. Mr Simon Briscoe, chief UK economist at Nikko Securities, said the rally was partly the result of over-reaction immediately afterwards.

Demand, however, had also been spurred by the cancellation of several gilt auctions, meaning there would now be about \$3bn less gilts available this year, Mr Briscoe said. "That made people feel quite positive." The fact

that the gilts market was now also more attractive to foreign investors, who can receive gilts coupons gross, had also bolstered demand. The September gilt future, which fell as low as 113 1/2 in after-hours trading on Wednesday, jumped to an intra-day high of 114 1/2 before settling at 114 1/2.

Futures contracts on short-term starting rates have fully priced in monetary tightening by the Bank of England, writes Samer Iskandar. The September short sterling contract,

which reflects expectations of the direction of three-month rates in coming weeks, yesterday dipped to a low of 92.75, almost a quarter of a percentage point below the high of 92.99 reached just before the chancellor's speech on Wednesday.

Recent rate rises have been quarter-point steps. The December future, which closed at 92.00, reflected anticipations of a further quarter-point tightening in the autumn.

France's 1997 budget deficit continued to unsettle the market, partly because spending cuts could elicit a public backlash.

More enthusiasm about Italy's chances of joining the Euro powered ITALIAN BTs higher. The September future settled at 135.55, up 0.33 on the day, while the spread over bunds tightened another three basis points to 106 basis points.

Investors welcome Italy's D-Mark issue

INTERNATIONAL BONDS

By Samer Iskandar

Italy yesterday received a warm welcome from investors when it launched the largest sovereign D-Mark eurobond for more than four years.

Syndicate managers said the issue met strong demand from institutional investors and sparked keen interest from central banks.

"The sovereign debt market is not keeping up with the growth rate of the bond market in general," said a syndicate manager in London.

"Since some central banks are only allowed to buy sovereign and supra-national bonds, they are particularly keen on issues like this one."

Strong demand led the lead managers to increase the size of the 10-year issue from DM2bn to DM3bn.

The deal was the last of a series of four benchmark issues in European currencies, as part of Italy's preparations for European economic and monetary union.

The other issues were denominated in French francs, euros and Dutch guilders.

SBC Warburg, joint lead manager with Deutsche Morgan Grenfell, said the demand highlighted "investors' confidence in Italy's credit". It also said the timing was ideal. "The deal was launched just when the yield spread of Italian BTs over German bunds hit its tightest ever at 106 basis points," said an official.

Although the bonds were sold almost exclusively to institutional buyers, DMG said it expected retail demand to follow in the after-market.

Elsewhere, the dollar sector was moderately active, with issuance limited to short and medium-term maturities.

CANADA launched the largest deal in the sector - \$450m of bonds maturing in January 2001. Yamachi

acted as lead manager. Other borrowers in dollars included COMPAGNIE BANCAIRE, the French bank, and FINNISH EXPORT CREDIT.

ABBEY NATIONAL, the UK bank, tapped the Swiss franc sector with a four-year issue paying a coupon of 2 per cent. GOLDMAN SACHS, the US investment bank, self-led a 12-year DM400m deal.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

	Coupon	Rate	Yield	Week	Month
Australia	10.00	10/07	122.2899	+0.660	6.93
Austria	5.750	04/07	99.8900	+0.300	5.78
Belgium	6.250	03/07	104.3200	+0.510	5.88
Canada	7.250	06/07	108.5400	+0.280	6.08
Denmark	7.000	06/07	105.9100	+0.330	6.20
France	4.750	03/02	101.0814	+0.130	4.48
Germany	5.500	04/07	98.5700	+0.190	5.55
Italy	6.000	07/07	102.9500	+0.360	6.81
Japan	8.000	08/06	110.8500	+0.800	6.28
Netherlands	6.750	02/07	101.4200	+0.500	6.73
Portugal	5.500	06/02	118.3251	+0.020	1.81
Spain	6.000	03/07	107.6400	+0.470	6.28
Sweden	6.625	05/07	110.7853	+0.390	6.57
UK Gilts	7.000	06/02	n/a	n/a	7.13
US Treasury	7.250	12/07	n/a	n/a	7.08
US Treasury	6.625	02/07	n/a	n/a	6.80
US Treasury	7.000	04/06	106.1800	+0.380	5.78

London closing. "New York mid-day".

Yields: Local market standard.

1 Gross (including withholding tax at 12.5 per cent payable by non-residents).

Prices: US, UK in 32nds, others in decimals.

Source: Standard & Poor's M&I.

US INTEREST RATES

Treasury Bills and Bonds

Rate	One month	Three months	Six months	One year	Two years	Five years	Ten years
Prime rate	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Banker's rate	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4
Federal funds	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Libor 3-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

Source: Standard & Poor's M&I.

BOND FUTURES AND OPTIONS

France

NOTIONAL FRENCH BOND FUTURES (MATIF) FR500,000

	Open	Sett	Price	Change	High	Low	Est. vol	Open int.
Sep	128.84	128.88	+0.02	128.92	128.82	128.92	202,722	1,180
Dec	98.28	98.22	-0.06	98.40	98.20	98.40	5,180	1,180
Mar	97.66	97.52	+0.14	97.68	97.66	97.66	2	1,180

LONG TERM FRENCH BOND FUTURES (MATIF)

	Open	Sett	Price	Change	High	Low	Est. vol	Open int.
Sep	128.84	128.88	+0.02	128.92	128.82	128.92	202,722	1,180
Dec	98.28	98.22	-0.06	98.40	98.20	98.40	5,180	1,180
Mar	97.66	97.52	+0.14	97.68	97.66	97.66	2	1,180

Est. vol. total: CME 11,777 Puts 14,233. Previous day's open int. CME 72,708 Puts 105,416.

Germany

NOTIONAL GERMAN BOND FUTURES (LIEFF) DM250,000 100ths of 100ths

	Open	Sett	Price	Change	High	Low	Est. vol	Open int.
Sep	102.07	102.42	+0.40	102.47	101.37	102.57	270,030	1,180
Dec	101.33	101.40	+0.07	101.50	101.33	101.50	88,020	1,180

* LIEFF futures also traded on APT. All Open interest figs are for previous day.

UK GILTS PRICES

	Notes	Yield	Rate	Yield	Rate	Yield	Rate	Yield	Rate
Short	10/07	7.00	100 1/2	10/07	7.00	100 1/2	10/07	7.00	100 1/2
3m	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
6m	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
1y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
2y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
3y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
4y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
5y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
6y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
7y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
8y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
9y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
10y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
11y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
12y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
13y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
14y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
15y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
16y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
17y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
18y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
19y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
20y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
21y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
22y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
23y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
24y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
25y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
26y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
27y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
28y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
29y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2
30y	10/07	5.75	100 1/2	10/07	5.75	100 1/2	10/07	5.75	100 1/2

Notes: 10/07 = 10 years to maturity. Yield: 10/07 = 10 years to maturity. Rate: 10/07 = 10 years to maturity.

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COMMODITIES AND AGRICULTURE

UK farmers fear green pound revaluation

By Maggie Urry

The rise in sterling following the UK Budget on Wednesday has raised concerns among British farmers that the value of the green pound may be adjusted upwards yet again next month. That would depress farm incomes, and farmers have been pressing the government for compensation for earlier revaluations.

Sir David Nalsh, president of

the National Farmers' Union, said yesterday: "The necessity for compensation is becoming even more urgent." The NFU calculates that farmers are due a total of £730m (\$1.19bn) in compensation over three years. Another revaluation would increase that claim.

Sir David yesterday led a delegation of farmers who met Mr Jack Cunningham, the agriculture minister, to press the case for compensation.

The agriculture ministry said it was still looking at the compensation case, but had to consider the public expenditure aspect. Although the UK would apply to the EU for compensation, the UK would bear a large part of the cost.

The pound's rise above its green rate has opened the first of five confirmation periods of 10 days. At yesterday afternoon's agricultural rates the pound was 6.8

per cent above its green rate. If sterling continues firm against other European currencies through the confirmation process, then a revaluation would take place on August 20, which would halve the gap between green rates and market rates.

Since the green pound is the rate at which EU support payments and prices are translated from Ecu into sterling, a revaluation causes payments to farmers

to fall. However, payments such as arable area aid, which are set on July 1, would not be affected by a revaluation in August.

There have been four upward adjustments of the green pound, in November last year and in January, April and June this year.

Following several years of downward adjustments, as sterling fell against other European currencies, notably in 1992. During the period of devaluations, UK

farm incomes rose substantially. However, under the EU's agricultural rules, part of the January upward adjustment and the whole of the April and June changes are deemed "appreciable", meaning they more than offset devaluations in the previous three years.

Member states are allowed to apply for compensation for appreciable revaluations, and other countries have done so.

Cheaper wheat boosts demand

By Maggie Urry

Weakening wheat prices have increased demand from importing countries, the International Grains Council said yesterday.

In its monthly review, the council said consumption in the current crop year is forecast to exceed production slightly, causing stocks to decline.

Wheat prices have fallen sharply from a year ago. US winter wheat for export cost \$190 a tonne in mid-July last year, but was \$123 a tonne at the end of last month.

The weather around the world has affected current year production, with rain affecting the crop in Argentina, Morocco and drought in Australia. Conversely, good weather is expected to have boosted production in the US, Kazakhstan and India. Lower acreages of wheat will cut production in Canada from 30.5m to a forecast 25.5m tonnes.

In the EU, the drought is expected to have reduced yields in southern areas. Output is expected to match the good crop last year, higher plantings offsetting lower yields.

The IGC has shaved its forecasts for the 1997-98 world grain harvest to 1.48bn tonnes, only marginally ahead of the 1996-97 crop year estimate of 1.479bn tonnes. Consumption forecasts are lower at 1.476bn tonnes but remain well above the current year of 1.446bn tonnes.

Overall, the outlook is for demand to exceed supply as food use increases, particularly in developing countries. World wheat stocks are expected to fall by 3m tonnes to 97m tonnes by the end of the 1997-98 crop year. Coarse grain output is forecast at 901m tonnes, a 2m tonne cut.

Oil price falls Brewing a healthier image for tea

MARKETS REPORT

By Robert Corzine and Susanne Voyte

Profit-taking forced oil prices sharply lower yesterday after the United Nations and Iraq reached agreement on a new humanitarian aid distribution plan - the main stumbling block to the resumption of Iraqi oil exports.

The price of the bellwether Brent Blend for August delivery fell 71 cents to close at \$18.21 a barrel on London's International Petroleum Exchange.

The sell-off, which erased three days of solid gains, started in New York but soon spread to London. Some traders said the Iraqi news made US buyers reluctant to maintain long positions in advance of the Independence Day holiday weekend.

The agreement between Baghdad and the UN suggests that Iraq will soon be back in world oil markets, probably in August. The deal reached in Baghdad will need to be approved by Mr Kofi Annan, the UN Secretary-General. But the market yesterday saw no new obstacle to the resumption of exports, which in the first six months of the UN oil-for-food programme averaged about 660,000 barrels a day.

The gold market was little moved by news from Australia that the country's central bank had sold 187 tonnes of the precious metal from its reserves.

But dealers said that the significance of the sale was considerable. "This clearly reflects the change in thinking that has come to central banks in asset management," said one analyst.

Gold prices have been under pressure for a year because of rumours of central banks reducing their reserves and forward selling by producers. The metal is no longer seen so much as a monetary symbol - but just like any other commodity.

Yesterday afternoon gold was "fixed" at \$332.55 a troy ounce against \$332.15 the day before. In late trading the price fell, to close at \$331.50.

"We are not surprised by the sale, but we all thought it would be a European central bank," said one dealer.

The Reserve Bank of Australia said the sales reduced its holdings to 80 tonnes from 247 tonnes and were undertaken "forward". The first 125 tonnes were delivered in June and the remainder would be delivered in August and September.

"The sales were made gradually, taking care not to disrupt market conditions," said the bank.

In 1978, British television viewers were horrified to face a \$4 increase in the annual licence fee to £26, the £1 paperback novel made its first appearance, and the auction price of tea was £1.30 a kilo.

Nineteen years later, TV licences cost £96 (\$165), and as for paperbacks, in the UK anything under £10 is a bargain. Time has marched on, but not for tea - it is still £1.30 a kilo.

There was a blip in 1984, when the auction price for black tea in London reached £2.62 a kilo, driven up by short supplies when India shut off exports. Apart from that, a cup of tea with milk, in UK prices, costs the same today - 2.3p - as it did two decades ago.

Tea is cheap compared with coffee, which costs an average 2½ times more. It cannot be stored without loss of quality, so a greater degree of price volatility might be expected.

But in the last decade there has been an average annual world surplus of about 80,000 tonnes, on production figures of some 2.5m tonnes a year - and average yields continue to increase.

This small annual surplus means that, in real terms, prices have significantly declined in the last 15 years. "Many tea producers are having a really tough time," says Mr Ilyd Lewis, director of the Tea Council in London.

Some specialty teas command high prices - such as top-quality Darjeeling, at \$34 a pound - but 90 per cent of tea sold, although of fair quality, is aimed at bulk purchasers for blending.



Tea times: Many producers are suffering as prices have fallen in real terms

Consumers are undoubtedly happy with low prices, but producers are stuck in a situation of chronic semipenury. Mr Lewis and others in the tea business believe they can improve their prospects with clever marketing

by persuading people that drinking more tea is healthy. "Each day the typical human being needs to drink about two litres of water to maintain good health. Evidence in the UK suggests that about 30 per cent of adults don't drink that much, which gives room to promote tea-drinking as a healthy means of fluid intake," Mr Lewis says.

In 1984, the Amsterdam-based Common Fund for Commodities, together with UK, US and Canadian tea traders and the four biggest tea producers - India, Indonesia, Kenya and Sri Lanka - established a \$4.6m campaign to create increased demand for tea.

The campaign relied on research into the health benefits of black tea consumption and generic promotion of these benefits.

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Gary Mead

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices in Sterling/Metric Tons)

■ ALUMINIUM, 99.5% Purity (\$ per tonne)

	Sett	Day's	High	Low	Vol	Open
Cash	3242	-7.1	3318	3318	-	3
Close	1587-88	1609-10	-	-	-	-
Previous	1593.5-5.5	1606-7	-	-	-	-
High/Low	1593-4	1620/1605	-	-	-	-
AM Official	1593-4	1615.5-16.0	-	-	-	-
Kerb close	1605-06	1605-06	-	-	-	-
Open int.	262.132	262.132	-	-	-	-
Total daily turnover	56,273	56,273	-	-	-	-

■ ALUMINIUM ALLOY (\$ per tonne)

	Sett	Day's	High	Low	Vol	Open
Close	1427-28	1453-58	-	-	-	-
Previous	1430-40	1455-65	-	-	-	-
High/Low	1427-28	1453-58	-	-	-	-
AM Official	1426.5-27.0	1455-60	-	-	-	-
Kerb close	1455-60	1455-60	-	-	-	-
Open int.	5,434	5,434	-	-	-	-
Total daily turnover	857	857	-	-	-	-

■ LEAD (\$ per tonne)

	Sett	Day's	High	Low	Vol	Open
Close	625-26	637-38	-	-	-	-
Previous	617-8	629-30	-	-	-	-
High/Low	625-26	637-38	-	-	-	-
AM Official	627-28	641/637	-	-	-	-
Kerb close	639-40	639-40	-	-	-	-
Open int.	36,682	36,682	-	-	-	-
Total daily turnover	10,816	10,816	-	-	-	-

■ NICKEL (\$ per tonne)

	Sett	Day's	High	Low	Vol	Open
Close	6950-55	6950-55	-	-	-	-
Previous	6795-805	6900-10	-	-	-	-
High/Low	6950-55	6950-55	-	-	-	-
AM Official	6950-55	6950-55	-	-	-	-
Kerb close	6950-55	6950-55	-	-	-	-
Open int.	82,749	82,749	-	-	-	-
Total daily turnover	5,801	5,801	-	-	-	-

■ TIN (\$ per tonne)

	Sett	Day's	High	Low	Vol	Open
Close	5485-85	5500-40	-	-	-	-
Previous	5485-85	5500-40	-	-	-	-
High/Low	5485-85	5500-40	-	-	-	-
AM Official	5495-50	5500-40	-	-	-	-
Kerb close	5500-40	5500-40	-	-	-	-
Open int.	14,042	14,042	-	-	-	-
Total daily turnover	1,443	1,443	-	-	-	-

■ ZINC, special high grade (\$ per tonne)

	Sett	Day's	High	Low	Vol	Open
Close	1472-73	1480-81	-	-	-	-
Previous	1450-52	1485-87	-	-	-	-
High/Low	1472-73	1480-81	-	-	-	-
AM Official	1480.5-81.5	1485-89	-	-	-	-
Kerb close	1475-76	1475-76	-	-	-	-
Open int.	98,595	98,595	-	-	-	-
Total daily turnover	25,754	25,754	-	-	-	-

■ COPPER, grade A (\$ per tonne)

	Sett	Day's	High	Low	Vol	Open
Close	2500-05	2404-05	-	-	-	-
Previous	2500-11	2377-5.5	-	-	-	-
High/Low	2500-05	2404-05	-	-	-	-
AM Official	2500-05	2419-20	-	-	-	-
Kerb close	2404-05	2404-05	-	-	-	-
Open int.	154,054	154,054	-	-	-	-
Total daily turnover	39,898	39,898	-	-	-	-

■ LME ALUMINUM 5% rate: 1.6745

	Sett	Day's	High	Low	Vol	Open
Close	1472-73	1480-81	-	-	-	-
Previous	1450-52	1485-87	-	-	-	-
High/Low	1472-73	1480-81	-	-	-	-
AM Official	1480.5-81.5	1485-89	-	-	-	-
Kerb close	1475-76	1475-76	-	-	-	-
Open int.	98,595	98,595	-	-	-	-
Total daily turnover	25,754	25,754	-	-	-	-

■ LME CLOSING 5% rate: 1.6945

	Sett	Day's	High	Low	Vol	Open
Close	1472-73	1480-81	-	-	-	-
Previous	1450-52	1485-87	-	-	-	-
High/Low	1472-73	1480-81	-	-	-	-
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	Sett	Day's	High	Low	Vol	Open
Close	1472-73	1480-81</				

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LONDON STOCK EXCHANGE

Footsie blasts through 4,800 to hit new high

MARKET REPORT

By Steve Thompson,
UK Stock Market Editor

The London stock market's volatility of recent sessions was taken to further extremes yesterday as fund managers and traders wrestled with the implications of the first Labour budget for 18 years and another burst of strength on Wall Street.

When the dust settled on the day the FTSE 100 was left well clear of the 4,800 level and 80.3 up at a record closing high of 4,891.7, having posted a three-figure rise and hitting a new intra-day peak of 4,863.6 shortly after the open-

ing of US markets. The FTSE 250, heavily weighted with engineering stocks, could manage only a 3.9 gain at 4,475.2. The SmallCap put on 0.3 at 2,227.2.

America's Dow Jones index shot up over 70 points to a new intra-day peak shortly after the opening, stimulated by a US non-farm payroll report showing 217,000 new jobs created during June, below most estimates.

The equity market began the day shrouded in gloom with marketmakers cutting their opening quotations following press forecasts of a steep decline in stocks at the outset.

The FTSE 100 opened 58 points down and within a few minutes

had fallen to the session low of 4,688.8, as a handful of institutional sellers appeared. But once the early flurry of selling was done, the market quickly gathered itself, led by the utilities, banks, properties and house-builders, which all moved up due to the Budget proposals.

Dealers also pointed out that London's opening stance had tended to overlook Wall Street's performance on Wednesday, when the Dow climbed 73, to just below its all-time closing high, as the US Federal Reserve's Open Market Committee left US interest rates on hold.

Marketmakers, who are said to be nursing large losses after the

big swings in sentiment over recent weeks, said an initial markdown of UK stocks was followed by a sudden burst of buying interest, mostly from domestic institutions, which gathered momentum for the rest of the day.

"With hindsight, the dividend tax news was already in the market and there is a wealth of money, both domestic and international, looking for a home: the UK is seen as a safe haven, hence the rush to invest," said one weary marketmaker.

Worries about the implications of the abolition of the 30 per cent tax credit on dividends, were said to have been ignored by the insti-

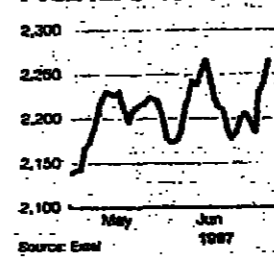
tutions, which had been expected to shift out of equities and into bonds to fill the income gap.

"Today's performance proves that investors don't run markets," said one market observer.

But worries about the Budget tax changes triggered a raft of rumours suggesting that the big players in the derivatives market had been left with sizeable losses from their recent operations.

Turnover in equities expanded rapidly, reaching 1.31bn shares at 6pm.

FTSE All-Share Index

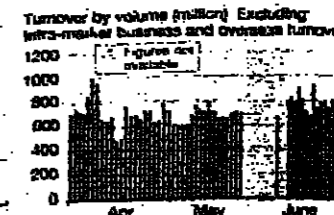


Source: Emtel

Indices and ratios	4891.7	+80.3
FTSE 100	4891.7	+80.3
FTSE 250	4475.2	+3.9
FTSE 350	2220.5	+3.7
FTSE All-Share	2268.36	+28.94
FTSE All-Share yield	3.42	3.46

Best performing sectors	+6.3
1 Retailers: Food	+6.3
2 Electricity	+5.3
3 Gas Distribution	+4.6
4 Life Assurance	+4.4
5 Electronic & Elec	+3.7

Equity shares traded



Turnover by volume (million) Excluding intra-market business and overseas turnover

FT 30	3082.0	+25.4
FTSE Non-Fin p/e	19.13	18.93
FTSE 100 Div Yld	4.76%	+54.0
10 yr Gilt yield	7.10	7.04
Long g/e/yield ratio	2.08	2.05

Worst performing sectors	-3.6
1 Diversified Inds	-3.6
2 Engineering: Vehicles	-2.9
3 Engineering	-2.7
4 Chemicals	-2.0
5 Building Mats & Merch	-2.1

Budget boost for utilities

By Peter John
and Martin Brice

Utilities gained across the board as the details of the government's windfall tax win presented a rosier picture than the market had expected.

Former nationalised companies led the stock market higher in early trading and experienced gains of between 4 and 8 per cent during the day.

And while many of them do not tend to benefit from the reduction in corporation tax, they all have sufficient cash to offset the abolition of dividend tax credits.

Railtrack was the best performer, with the shares jumping 53 to 885p.

The company estimated its liability for the windfall tax at around £165m, well below the £500m suggested in the past two weeks.

And BT, which is traditionally one of the most liquid stocks in London, experienced one of the heaviest turnovers as marketmakers, who had been caught out by the wild swings in the market on Wednesday and yesterday, scrambled for stock.

Also, there had been speculation that the UK's leading telecoms company might have to pay as much as £2bn in tax and the final figure came in at £500m over two

Budget boost for utilities

years.

BT also gains about £68m per year from the reduction in the corporation tax rate to 31 per cent. The shares jumped 24 to 479p, the equivalent of more than 7 points on the Footsie.

Meanwhile, National Grid, which will be completely unaffected by the Budget tax, jumped 16 to 250p while National Power lifted 35 to 569p.

Centrica, meanwhile, faces a higher charge than had been anticipated, but that is offset by the reduced cost of gas and the shares jumped 5 to 81p in the hope that the company will now be more competitive.

The list of losers in the Footsie was also a list of Britain's foremost engineering stocks. Exporters were badly hit, as traders digested the implications of a Budget that suggested Mr Gordon Brown, Chancellor, was prepared to live with a strong pound.

Yesterday sterling gained more than 5 pence against the D-Mark and around 3 cents against the US dollar.

One trader said: "Overseas earners are being smashed to bits." Another said: "Most calculations have been done assuming an exchange rate of DM2.80 to the pound but we are now facing DM2.95 and possibly rising. That will inevitably suggest profits will suffer."

Among FTSE 100 losers, TI Group topped the list with a 32% fall to 479p.

Tax changes to foreign income dividends in the Budget hit BTR particularly hard, and it gave up 13 to

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201p, a fall that put it second only to TI.

British Steel, seen as the biggest play on strong sterling in the FTSE 100, was down 9 to 141p, CKN fell 48 to 656p, Smiths Industries dipped 28 to 750p, Rolls-Royce fell 8 to 227p, Siebe was off 31 to 894p, and LucasVarley fell 5 to 2802p.

ICI was also down 35 to 813p: traders said that each penny sterling gains against the D-Mark hits trading profits by £2m.

Traders said industrial companies would be hit in two ways: the risk from strong sterling and the abolition of the advance corporation tax credit for pension funds.

A note from NatWest Securities said the companies to suffer most would be those that had cut their labour force in recent years.

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FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LFFE) C25 per full index point (APT)

Open	Sett price	Change	High	Low	Est vol	Open int
Sep	4740.0	+54.0	4760.0	4700.0	44781	64781
Dec	4841.0	+61.0			0	1
Mar	4877.5	+61.0			0	1

FTSE 250 INDEX FUTURES (LFFE) C10 per full index point

Open	Sett price	Change	High	Low	Est vol	Open int
Sep	4543.0	+4.0			0	7108

FTSE 100 INDEX OPTION (LFFE) (M24) C10 per full index point

284 60 1/2	286 73 1/2	210 1/2	88	180	106	190	120 1/2	124	154	162	183	80	213 1/2
313 1/2	69 1/2	278 81 1/2	242	98 1/2	271 1/2	779	181 1/2	140 1/2	154	165 1/2	132	195 1/2	111
340	107 1/2			276	145				211 1/2	136 1/2		162 1/2	240 1/2


is 11,564 Puts (10,533)

is PRO STYLE FTSE 100 INDEX OPTION (DIFF) £10 per full index point

WORLD STOCK MARKETS

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key component.**

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US INDICES

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NEW YORK STOCK EXCHANGE PRICES

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Continued on next page

Stock	PI	W	H	L	Chg	Stock	PI	W	H	L	Chg	Stock	PI	W	H	L	Chg
Dracoglyc	34	36	52	52	+	Dracoglyc	34	36	52	52	+	Dracoglyc	34	36	52	52	+
Dremsam	16 1238	16 1238	16 1238	16 1238	+	Dremsam	16 1238	16 1238	16 1238	16 1238	+	Dremsam	16 1238	16 1238	16 1238	16 1238	+
Dray 01	0.2980	13 38 38	35.80			Dray 01	0.2980	13 38 38	35.80			Dray 01	0.2980	13 38 38	35.80		
Dray 02	55 245	55 245	55 245	55 245	+	Dray 02	55 245	55 245	55 245	55 245	+	Dray 02	55 245	55 245	55 245	55 245	+
Dremsam	0.50 16 282	282 282	282 282	282 282	+	Dremsam	0.50 16 282	282 282	282 282	282 282	+	Dremsam	0.50 16 282	282 282	282 282	282 282	+
Dremsam	30 374	374 374	374 374	374 374	+	Dremsam	30 374	374 374	374 374	374 374	+	Dremsam	30 374	374 374	374 374	374 374	+
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Dracoglyc	16 71	71 71	71 71	71 71	+	Dracoglyc	16 71	71 71	71 71	71 71	+	Dracoglyc	16 71	71 71	71 71	71 71	+
Dracoglyc	0.20 3210	282 282	282 282	282 282	+	Dracoglyc	0.20 3210	282 282	282 282	282 282	+	Dracoglyc	0.20 3210	282 282	282 282	282 282	+
Dracoglyc	436 4	4 4	4 4	4 4	+	Dracoglyc	436 4	4 4	4 4	4 4	+	Dracoglyc	436 4	4 4	4 4	4 4	+
Dracoglyc	18 494	41 41	41 41	41 41	+	Dracoglyc	18 494	41 41	41 41	41 41	+	Dracoglyc	18 494	41 41	41 41	41 41	+
Dracoglyc	127 13	13 13	13 13	13 13	+	Dracoglyc	127 13	13 13	13 13	13 13	+	Dracoglyc	127 13	13 13	13 13	13 13	+
Dracoglyc	35 5453	34 34	34 34	34 34	+	Dracoglyc	35 5453	34 34	34 34	34 34	+	Dracoglyc	35 5453	34 34	34 34	34 34	+
Dracoglyc	39 34	34 34	34 34	34 34	+	Dracoglyc	39 34	34 34	34 34	34 34	+	Dracoglyc	39 34	34 34	34 34	34 34	+
Dracoglyc	287 54	15 15	15 15	15 15	+	Dracoglyc	287 54	15 15	15 15	15 15	+	Dracoglyc	287 54	15 15	15 15	15 15	+
Dracoglyc	502 214	214 214	214 214	214 214	+	Dracoglyc	502 214	214 214	214 214	214 214	+	Dracoglyc	502 214	214 214	214 214	214 214	+
Dracoglyc	2100 12	12 12	12 12	12 12	+	Dracoglyc	2100 12	12 12	12 12	12 12	+	Dracoglyc	2100 12	12 12	12 12	12 12	+
Dracoglyc	0.28 49545	40 40	40 40	40 40	+	Dracoglyc	0.28 49545	40 40	40 40	40 40	+	Dracoglyc	0.28 49545	40 40	40 40	40 40	+
Dracoglyc	22 114	114 114	114 114	114 114	+	Dracoglyc	22 114	114 114	114 114	114 114	+	Dracoglyc	22 114	114 114	114 114	114 114	+
Dracoglyc	47 2154	14 14	14 14	14 14	+	Dracoglyc	47 2154	14 14	14 14	14 14	+	Dracoglyc	47 2154	14 14	14 14	14 14	+
Dracoglyc	54 54	54 54	54 54	54 54	+	Dracoglyc	54 54	54 54	54 54	54 54	+	Dracoglyc	54 54	54 54	54 54	54 54	+
Dracoglyc	252 124	124 124	124 124	124 124	+	Dracoglyc	252 124	124 124	124 124	124 124	+	Dracoglyc	252 124	124 124	124 124	124 124	+
Dracoglyc	0.08 29 343	282 282	282 282	282 282	+	Dracoglyc	0.08 29 343	282 282	282 282	282 282	+	Dracoglyc	0.08 29 343	282 282	282 282	282 282	+
Dracoglyc	18 252	54 54	54 54	54 54	+	Dracoglyc	18 252	54 54	54 54	54 54	+	Dracoglyc	18 252	54 54	54 54	54 54	+
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Dracoglyc	85 28 52	62 62	62 62	62 62	+	Dracoglyc	85 28 52	62 62	62 62	62 62	+	Dracoglyc	85 28 52	62 62	62 62	62 62	+
Dracoglyc	13 38	15 15	15 15	15 15	+	Dracoglyc	13 38	15 15	15 15	15 15	+	Dracoglyc	13 38	15 15	15 15	15 15	+
Dracoglyc	0.95 1725	33 33	33 33	33 33	+	Dracoglyc	0.95 1725	33 33	33 33	33 33	+	Dracoglyc	0.95 1725	33 33	33 33	33 33	+
Dracoglyc	1.32 282	15 15	15 15	15 15	+	Dracoglyc	1.32 282	15 15	15 15	15 15	+	Dracoglyc	1.32 282	15 15	15 15	15 15	+
Dracoglyc	5.223141	15 15	15 15	15 15	+	Dracoglyc	5.223141	15 15	15 15	15 15	+	Dracoglyc	5.223141	15 15	15 15	15 15	+
Dracoglyc	55 154	154 154	154 154	154 154	+	Dracoglyc	55 154	154 154	154 154	154 154	+	Dracoglyc	55 154	154 154	154 154	154 154	+
Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+
Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+
Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+
Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+
Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+	Dracoglyc	0.80 18 18	36 36	36 36	36 36	+
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EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The listed companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Venues from across Europe

Company	last price	change on last	Volume	High	Low	Company	last price	change on last	Volume	High	Low
Amadeus	US\$3.35	-0.375	2000	8.25	3.25	Lennart & Neilsen	US\$9	+0.375	3110	29.375	25
Arcnet Systems	US\$16.25		8011	11.125	9.5	Metacast Ltd	US\$3	-0.25	0	11.25	0.125
Charmcast	FFr15		0	18	14	NTL	US\$2.875	-0.125	10000	22	20.875
Ti Software ADS	US\$25.875	-0.625	5100	26.75	18.875	Piretech	US\$38.875	0	6	125	10.875
Procy Telecom ADS	US\$2		0	12.25	9.5	Sentinel-Biocomm	US\$71.375	-1	23890	1120	300
Repsol	US\$1.375		17215	17.75	10.375						

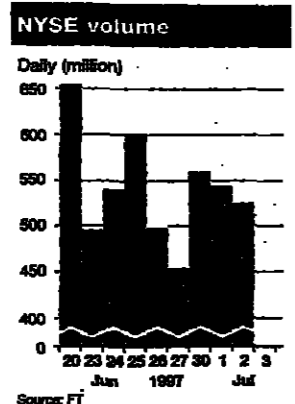
Prices for 3/17/97. Please note that mid prices are now used to calculate highs and lows.
 Information about EASDAQ can be found on the Web site at: [HTTP://www.EASDAQ.be](http://www.EASDAQ.be)
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Bid rumours Amsterdam climbs 2.1% to peak drive Dow up to record

AMERICAS

Rumours of a possible Citicorp takeover of American Express, together with a favourable employment report that set off a storm of buying in the bond market, sent Wall Street up to another record close, writes John Labate in New York.

In an abbreviated trading session, the Dow Jones Industrial Average closed up



100.43 at an all-time high of 7,995.51. The market closed at 1pm, marking the start of the July 4 holiday weekend.

The broader Standard & Poor's 500 index rose 12.89 to 916.92, another record high. Similarly, the Nasdaq Composite climbed 12.00 to a new peak of 1,487.61.

American Express leapt 9.5% or 8 cents to \$87.40 on the rumours that Citicorp might be a predator. Citicorp gained 1.1% to \$129.75.

Elsewhere among blue-chip stocks, General Electric gained 1.1% to \$69.90 and Philip Morris rose 1.1% to \$45.75.

Helping to lead the way upwards was Northrop Grumman, rising \$2.14 or more than 23 per cent to \$110 on the release of merger

plans with Lockheed Martin. Lockheed closed down \$5 at \$99. In takeover news, an agreement between Veba, the German industrial group, and distributor Wyle Electronics, sent Wyle's share's surging up \$2.14 or more than 15 per cent to \$49.75.

With bond prices rising, banking stocks soared as Nationsbank rose 3.2% to \$68.40, and State Street added 3% or nearly 5 per cent to \$51.

Also sharing in the market's gains were UK stocks, as British Telecom added \$5.14 or more than 7 per cent to \$81.14 and British Petroleum gained \$3.74 to \$79.94.

Among the higher technology issues, Compaq Computer added \$3.14 to \$108.14 and Bay Networks, the networking company, gained 3% to \$27.14. Intel rose 1.1% to \$14.14.

TORONTO hit new highs in active morning trading. Dealers said the market was partly tracking the strong start on Wall Street but also gaining confidence from the continued rally in banks.

At noon, the 300 composite index was running 62.66 higher at 6,611.70.

Banks were the main feature of the morning with Canadian Imperial advancing C\$1.15 to C\$37 and Bank of Nova Scotia up C\$1.10 to C\$63.65.

Royal Bank of Canada gained C\$1.10 to C\$65.95 and Toronto-Dominion added 70 cents to C\$42.80. Volume was said to be "very solid".

Tech stocks were also in demand, with Northern Telecom rising C\$1.25 to C\$133 and a surge of C\$2.50 to C\$85 showing through to Newbridge Networks.

Weak spots included Seagram, which dipped 25 cents to C\$66.05.

Poll lifts Mexico City

Election fever and the continued buoyancy on Wall Street helped keep MEXICO CITY strongly on the upside. Dealers said the run of four record closing highs in the past five sessions had built a robust base underneath sentiment.

"The buyers keep coming and lots of them are foreigners," said one broker.

Boosted by the strength of its ADRs in New York, Telcel put on 34 centavos to 19.88 pesos in active trading.

At midsession, the IPC index was up 51.19 or 1.1 per cent to 4,650.42.

SANTIAGO added 0.89 at 138.09 on the IPSA index at midsession, with leading utility Enersis gaining 3.00 bolívares to 303 bolívares.

CARACAS advanced, the IPC index up 158.25 or 1.7 per cent to 9,283.44.

SAO PAULO traded sideways in low volume. The midsession calculation on the Bovespa index came in at 13,265, up a modest 5.

South Africa ends mixed

Johannesburg had another mixed session with a bounce for golds having negligible impact on the all-share index; it closed off 13.5 at 7,403.3 after a further slide for the broader market.

Dealers said activity was fairly limited ahead of the long weekend in the US, which looked to be keeping a "tight lid" on trading.

There were occasional outbursts of profit-taking and the industrial index ended 2.7 lower at 8,839.8.

South African Breweries added 50 cents to R140 and 50 financials Liberty Life jumped R3.75 to R128.

Murray & Roberts, the engineering leader which fell sharply earlier in the week following a profits warning, rallied with a rise of 24 cents to R9.22.

But sentiment was mostly weak. According to brokers, the broad trend was unimpeachably on the downside.

The main buy features were to be found within a busy session for golds where the index rose 20.5 to close at 985.2.

Vaal reefs gained R5 to R228.5 and Freegold R1 to R24.5. Dries put on 65 cents to R31.15 and Eastvaal added 37 cents at R48.5.

EUROPE

Strong demand for international shares sent AMSTERDAM to a record high in heavy volume. The firm dollar, recent broker buy notes and a strong start on Wall Street were said to have lifted sentiment.

Merger speculation continued to drive KLM, which surged F13.90 to F17.60 for a two-day gain of nearly 12 per cent. ABN Amro traded 11.5m shares before ending F11.20 higher at F13.40. The AEX index, which broke above 900 at one stage, closed 18.04 or 2.1 per cent higher at 907.06.

There was buy advice on Philips from Goldman Sachs and a similar recommendation on Royal Dutch - up F14.20 at F112.30 - from HSBC James Capel. It was a hectic session by any standards and at the end, brokers were claiming that valuations were again looking over-stretched.

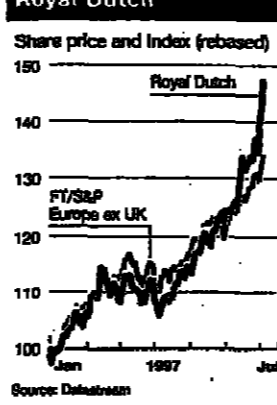
Philips added F13 at F1140 and VNU put on F1.50 to F145.60. Among smaller caps, Getronics jumped F13.30 to F167.30 after a Goldman Sachs upgrade.

Vedior rose F1.30 to F157.30.

ZURICH leapt 2.3 per cent, taking the SMI index above the 5,800-point threshold for the first time. The SMI index rose 130.6 to 5,804.9 in hefty volume of SFR3.5bn.

Index heavyweights bore the brunt of the buying. Novartis continued to find strong demand adding SFR38 at SFR2,449. UBS bearers stood SFR20 higher at

Royal Dutch



SFR1,700 after a large sell order on the stock was executed.

Among other financials, a SFR22 rise to SFR613.10 Zurich Insurance was attributed to recent recommendations.

Alustisse, a strong performer earlier in the week, edged SFR3 higher to SFR1,506 as speculation persisted ahead of today's news conference that the company might be planning a spin-off, a co-operation pact or a change to a single shares structure.

Sulzer, the technology group was a rare loser, down SFR3 at SFR1,266, which was attributed to options-related transactions.

PARIS recovered more than half of what it lost following Wednesday's wave of corporate tax scare stories, but volume was dull and the session had a mixed feel.

The CAC 40 gained 27.53 to 2,936.98 in 13.5m shares traded. Dealers said company tax concerns had been

partly defused by the finance ministry, which said the government's assault on the French deficit would be shared equally between the consumer and the corporate sector.

LVMH made rapid ground on the news that Grand Metropolitan and Guinness had agreed to study a three-way wines and spirits link with the French group. LVMH shares jumped FFR58 or 3.7 per cent to FFR1,638. Elf Aquitaine, down FFR20 on Wednesday, added FFR24 to FFR654.

Accor rose FFR18 to FFR943 after Lehman Brothers increased its target price to FFR1,050. On the downside, Renault lost FFR4.30 to FFR145.60 for a two-day decline of close to 4.5 per cent.

FRANKFURT went along with the crowd, helped by the firm dollar and hopes of further gains on Wall Street. The Ibis-Indicated Dax index finished 72.20 or 1.3 per cent higher at a record 3,939.73 as the market set its sights firmly on the 3,400-point level.

The car sector was buoyant on the strength of the dollar, with BMW up DM43 to DM1,497.50 and VW DM67.75 higher at 1,425.

Porsche preference shares shot up another DM17.5 at DM2,990, still spurred on by recent bullish recommendations that have set target prices of up to DM3,600.

Chemical stocks were mixed on profit-taking after the recent strong gains, although Hoechst overcame weakness during floor trad-

FTSE Actuaries Share Indices

Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28
FTSE Actuaries 100	2581.64	2583.52	2583.58	2584.18	2584.35
FTSE Actuaries 200	2572.21	2577.87	2577.87	2578.57	2577.81

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FTSE Actuaries 200	2572.21	2577.87	2577.87	2578.57	2577.81

ing to close DML60 higher at DM80.30.

MILAN closed below its highs as investors took profits on telecommunications stocks. Banks remained in favour, however, and the record run on the bond market gave added support.

The Comit index edged 0.13 lower at 853.32 but the real-time Mibtel index turned back from a high of 13,675 to close 109 ahead at 13,663.

Telecom Italia, planning a strategic alliance with AT & T, gave up L74 at L5,488 and Stet lost L227 at L8,866.

Eni, well bought by foreign funds, closed L94 higher at L9,990 having pressed through the L10,000 barrier for the first time earlier in the day.

Ambroveneto remained the star performer among the banks with a rise of L236 at L5,662.

LADRIED pushed up into record territory as the general index climbed 6.94 to 625.30.

Against the trend, Endesa gave up Pta80 to Pta13,130 in an expected correction after the sharply higher performances of recent sessions. Telefonica gained Pta50 to

Hong Kong turns back from high

The Hong Kong stock market, which saluted the end of British rule by notching up a record closing high last Friday, fell yesterday - the first trading day under the Chinese flag, writes Louise Lucas.

The benchmark Hang Seng index closed down 0.9 per cent at 15,056.74 after an early bid to trump last Friday's close. But perhaps more disturbing was the

performance of the recently launched redchip index, which tracks the performance of mainland-backed companies - a sector that has been at the forefront of buying attention this year.

The index slumped 1.6 per cent to 3,413.50: a stark contrast to the 6.9 per cent gain chalked up on Friday.

However, few brokers saw yesterday's performance as signalling a new post-colonial trend. While part of the bearish sentiment can be attributed to the new government, which has pledged to increase land supply to tackle spiralling home prices, external elements also factored. These include some switching out of Hong Kong into Thai equities following Thailand's de facto devaluation of the baht.

The threat to property prices has been one of the dominant depressants in the market recently. This reflects the sector's heavy weighting - it makes up around 40 per cent of the market - but many analysts still believe property prices will grow by about 15 per cent over the year.

Written and edited by Michael Morgan and Jeffrey Brown

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Bangkok roars ahead with 8.7% rise

ASIA PACIFIC

The headlong rush into BANGKOK by both foreign and local investors continued yesterday, the SET index closing 49.19 or 8.7 per cent higher at 617.88.

Spurred by Wednesday's effective devaluation of the baht, the market has risen 16.6 per cent in two days and is now 25 per cent above the low point touched 12 days ago.

"It's been a stampede. Foreign investors have been buying everything in sight," said one broker. Electronic components led the sector charts with a gain of almost 10 per cent.

KR Precision, the day's most active stock, surged Bt20 to Bt224 and United Communication gained Bt11 to Bt128.

Thai Farmers Bank put on Bt8.50 to Bt95.5.

TOKYO was weak on heavy selling by foreign investors of leading blue chip exporters, including high technology stocks and carmakers, but continued buying on dips by domestic institutions limited the losses, writes Gwen Robinson.

The Nikkei 225 average fell 75.01 to 20,121.41 after trading between 20,079.91 and 20,252.13. Stocks opened higher, encouraged by New York's surge and the rise of index futures in Chicago overnight. But momentum was lost as small-lot sales by foreign investors seeking to reshuffle their portfolios.

Volume fell from 294m shares to an estimated 268m. Declines led advances 684 to 365 with 186 unchanged. The Topix index of all first-section stocks shed 4.42 to

1,526.85 and the capital-weighted Nikkei 300 was down 0.05 at 296.02.

In London, the ISE/Nikkei 50 index rose 2.90 to 1,610.82.

Heavy selling of Sony dampened sentiment and depressed other blue-chip electricals and high technology stocks. Sony slid Y130 to Y9,640, TDK Y100 to Y8,380, Tokyo Electron Y110 to Y5,410 and Advantest Y140 to Y8,580.

Carmakers also retreated. Toyota shed Y40 to Y3,350, Honda Y40 to Y3,380 and Nissan Y30 to Y3,035.

Canon fell Y30 to Y3,080 and Nikon Y20 to Y1,850, but Minolta edged up Y2 to Y718.

Many oil-related issues fell on concerns about the impact on their business of Wednesday's oil spill from a supertanker in Tokyo Bay. But Bridgestone, which makes oil-fences for use in such disasters, rose Y60 to Y2,650.

Nippon Yusen, one of the owners of the damaged cruise oil carrier, fell Y9 to Y423. Mitsubishi Oil, the consignor of the cargo, fell Y5 to Y507.

Oil distributors were the day's biggest decliners, falling nearly 1.5 per cent as a group. Nippon Oil slid Y4 to Y821. Tonan Y40 to Y1,280 and Showa Shell Sekiyu Y20 to Y1,030.

Pharmaceuticals, however, drew buying interest after declines in recent sessions. Sanofi rose Y20 to Y2,990, Takeda Chemical Y40 to Y3,280 and Shionogi Y28 to Y888.

Daiichi Pharmaceutical, which has been hit in recent sessions by disclosures of many deaths caused by the side-effects its cancer drug, rose Y20 to Y2,000.

In Osaka, the OSE average shed 5.49 to 21,079.87 and volume eased to 15.4m shares.

MANILA had another bruising session. The composite index fell 22.47 to 2,742.42 for a two-day decline of 2.6 per cent on continued currency concerns after Wednesday's de facto devaluation of the Thai baht.

Turnover was again thin. Banks were severely dented. Metropolitan Bank came off 20 pesos to 540 pesos and Philippine

National fell 3 pesos to 181 pesos.

SINGAPORE edged back as investors side-stepped blue chips with exposure to Thailand and turned their attention instead to smaller capitalisation stocks.

The Straits Times Industrial index fell 6.51 to 1,962.40.

Cerebos Pacific, the food group that counts Thailand as a key market, lost 25 cents to S\$5.95 after the company said the weakened Thai

currency would depress this year's performance.

Raffles Medical Group, the healthcare company, peaked at a high of S\$1.12 and ended at S\$1.10, up 6 cents on takeover speculation.

WELLINGTON hit a record high in spite of a warning from the central bank that monetary conditions were too easy.

The 40 capital index rose 26.52 or 1.1 per cent to 2,519.68. NZTelecom rose 18 cents to NZ\$7.72.

FTSE ACTUARIES WORLD INDICES

The FTSE Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NetWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS										WEDNESDAY JULY 2 1997										TUESDAY JULY 1 1997										DOLLAR INDEX									
Figures in parentheses after number of lines of index	US Dollar Change	Day's %	Pound Index	Yan Index	DM Index	Local Index	Local % chg	Gross Local % chg		US Dollar	Pound Index	Yan Index	DM Index	Local Index	Currency % chg	52 week % High	Low	Year ago %		US Dollar	Pound Index	Yan Index	DM Index	Local Index	Currency % chg	52 week % High	Low	Year ago %		US Dollar	Pound Index	Yan Index	DM Index	Local Index	Currency % chg	52 week % High	Low	Year ago %	
Australia (79)	243.60	0.8	218.88	176.18	221.76	215.50	1.0	3.57		241.57	216.00	175.28	218.54	213.36	243.80	188.44	201.65			241.57	216.00	175.28	218.54	213.36	243.80	188.44	201.65			241.57	216.00	175.28	218.54	213.36	243.80	188.44	201.65		
Austria (25)	194.88	1.0	178.52	143.70	180.88	180.78	1.6	1.82		194.74	173.92	142.76	177.58	177.58	200.52	174.70	180.48			194.74	173.92	142.76	177.58	177.58	200.52	174.70	180.48			194.74	173.92	142.76	177.58	177.58	200.52	174.70	180.48		
Belgium (30)	256.08	0.5	228.15	184.48	232.19	227.21	1.1	3.01		256.37	228.91	184.14	228.58	224.79	256.67	200.70	200.70			256.37	228.91	184.14	228.58	224.79	256.67	200.70	200.70			256.37	228.91	184.14	228.58	224.79	256.67	200.70	200.70		
Canada (30)	210.83	2.1	279.28	224.80	282.87	616.14	2.1	1.19		210.83	279.28	224.80	282.87	616.14	2.1	1.19				210.83	279.28	224.80	282.87	616.14	2.1	1.19			210.83	279.28	224.80	282.87	616.14	2.1	1.19				
Denmark (25)	270.98	-0.1	351.28	282.77	355.94	354.22	0.8	1.44		270.98	351.28	282.77	355.94	354.22	0.8	1.44				270.98	351.28	282.77	355.94	354.22	0.8	1.44			270.98	351.28	282.77	355.94	354.22	0.8	1.44				
Finland (29)	208.08	-1.1	206.68	206.62	206.62	212.62	0.5	1.78		208.08	206.68	206.62	206.62	212.62	0.5	1.78				208.08	206.68	206.62	206.62	212.62	0.5	1.78			208.08	206.68	206.62	206.62	212.62	0.5	1.78				
France (30)	233.68	-1.6	203.95	189.01	212.74	218.26	-1.0	2.42		233.68	203.95	189.01	212.74	218.26	-1.0	2.42				233.68	203.95	189.01	212.74	218.26	-1.0	2.42			233.68	203.95	189.01	212.74	218.26	-1.0	2.42				
Germany (30)	219.20	0.2	196.54	155.53	189.55	189.55	0.8	1.42		219.20	196.54	155.53	189.55	189.55	0.8	1.42				219.20	196.54	155.53	189.55	189.55	0.8	1.42			219.20	196.54	155.53	189.55	189.55	0.8	1.42				
Hong Kong (68)	258.24	0.1	484.83	300.28	481.26	538.72	1.1	2.82		258.24	484.83	300.28	481.26	538.72	1.1	2.82				258.24	484.83	300.28	481.26	538.72	1.1	2.82			258.24	484.83	300.28	481.26	538.72	1.1	2.82				
Indonesia (27)	191.21	-0.5	225.98	167.87	228.69	376.15	-0.4	1.73		191.21	225.98	167.87	228.69	376.15	-0.4	1.73				191.21	225.98	167.87	228.69	376.15	-0.4	1.73			191.21	225.98	167.87	228.69	376.15	-0.4	1.73				
Ireland (17)	207.78	0.3	233.75	199.07	233.75	233.75	0.3	1.32		207.78	233.75	199.07	233.75	233.75	0.3	1.32				207.78	233.75	199.07	233.75	233.75	0.3	1.32			207.78	233.75	199.07	233.75	233.75	0.3	1.32				
Italy (27)	97.75	1.1	87.52	70.69	85.95	124.08	0.8	1.58		97.75	87.52	70.69	85.95	124.08	0.8	1.58				97.75	87.52	70.69	85.95	124.08	0.8	1.58			97.75	87.52	70.69	85.95	124.08	0.8	1.58				
Japan (48)	137.43	0.4	123.47	98.39	125.11	98.39	0.7	0.79		137.43	123.47	98.39	125.11	98.39	0.7	0.79				137.43	123.47	98.39	125.11	98.39	0.7	0.79			137.43	123.47	98.39	125.11	98.39	0.7	0.79				
Malaysia (107)	215.08	0.7	461.78	271.73	461.91	458.73	0.7	1.03		215.08	461.78	271.73	461.91	458.73	0.7	1.03				215.08	461.78	271.73	461.91	458.73	0.7	1.03			215.08	461.78	271.73	461.91	458.73	0.7	1.03				
Mexico (27)	1521.19	1.2	1521.19	1172.45	1521.19	1521.19	1.2	1.32		1521.19	1521.19	1172.45	1521.19	1521.19	1.2	1.32				1521.19	1521.19	1172.45	1521.19	1521.19	1.2	1.32			1521.19	1521.19	1172.45	1521.19	1521.19	1.2	1.32				
Netherlands (19)	40.72	0.7	36.43	25.33	42.44	36.23	0.6	1.13		40.72	36.43	25.33	42.44	36.23	0.6	1.13				40.72	36.43	25.33	42.44	36.23	0.6	1.13			40.72	36.43	25.33	42.44	36.23	0.6	1.13				
New Zealand (14)	94.70	1.0	85.10	85.50	86.57	74.15	1.0	2.92		94.70	85.10	85.50	86.57	74.15	1.0	2.92				94.70	85.10	85.50	86.57	74.15	1.0	2.92			94.70	85.10	85.50	86.57	74.15	1.0	2.92				
Norway (41)	315.82	0.2	298.44	250.98	290.24	311.18	0.9	1.94		315.82	298.44	250.98	290.24	311.18	0.9	1.94				315.82	298.44	250.98	290.24	311.18	0.9	1.94			315.82	298.44	250.98	290.24	311.18	0.9	1.94				
Philippines (21)	315.82	0.2	168.12	153.24	168.12	168.12	0.2	1.32		315.82	168.12	153.24	168.12	168.12	0.2	1.32				315.82	168.12	153.24	168.12	168.12	0.2	1.32			315.82	168.12	153.24	168.12	168.12	0.2	1.32				
Poland (19)	315.82	0.2	246.47	278.90	351.07	254.13	-1.2	1.30		315.82	246.47	278.90	351.07	254.13	-1.2	1.30				315.82	246.47	278.90	351.07	254.13	-1.2	1.30			315.82	246.47	278.90	351.07	254.13	-1.2	1.30				
South Africa (14)	361.92	-0.1	326.16	261.15	324.68	358.50	-0.1	2.42		361.92	326.16	261.15	324.68	358.50	-0.1	2.42				361.92	326.16	261.15	324.68	358.50	-0.1	2.42			361.92	326.16	261.15	324.68	358.50	-0.1	2.42				
Spain (33)	270.80	1.0	243.20	185.85	246.03	300.21	2.0	2.19		270.80	243.20	185.85	246.03	300.21	2.0	2.19				270.80	243.20	185.85	246.03	300.21	2.0	2.19			270.80	243.20	185.85	246.03	300.21	2.0	2.19				
Sweden (48)	40.72	0.4	35.45	25.95	35.45	25.95	0.4	1.19		40.72	35.45	25.95	35.45	25.95	0.4	1.19				40.72	35.45	25.95	35.45	25.95	0.4	1.19			40.72	35.45	25.95	35.45	25.95	0.4	1.19				
Switzerland (23)	207.78	0.3	233.75	199.07	233.75	233.75	0.3	1.32		207.78	233.75	199.07	233.75	233.75	0.3	1.32				207.78	233.75	199.07	233.75	233.75	0.3	1.32			207.78	233.75	199.07	233.75	233.75	0.3	1.32				
Thailand (42)	61.11	16.5	59.39	47.81	61.10	71.20	24.8	4.34		61.11	59.39	47.81	61.10	71.20	24.8	4.34				61.11	59.39	47.81	61.10	71.20	24.8	4.34			61.11	59.39	47.81	61.10	71.20	24.8	4.34				
United Kingdom (213)	308.34	0.3	274.83	223.93	280.61	278.95	0.5	1.68		308.34	274.83	223.93	280.61	278.95	0.5	1.68				308.34	274.83	223.93	280.61	278.95	0.5	1.68			308.34	274.83	223.93	280.61	278.95	0.5	1.68				
USA (644)	305.25	-1.1	338.70	354.90	330.06	366.85	1.4	1.88		305.25	338.70	354.90	330.06	366.85	1.4	1.88				305.25	338.70	354.90	330.06	366.85	1.4	1.88			305.25	338.70	354.90	330.06	366.85	1.4	1.88				
Americas (328)	335.04	1.5	301.01	242.31	305.01	282.14	1.4	1.88		335.04	301.01	242.31	305.01	282.14	1.4	1.88				335.04	301.01	242.31	305.01	282.14	1.4	1.88			335.04	301.01	242.31	305.01	282.14	1.4	1.88				
Europe (719)	241.57	0.5	216.00	175.28	218.54	213.36	0.4	1.78		241.57	216.00	175.28	218.54	213.36	0.4	1.78				241.57	216.00	175.28	218.54	213.36	0.4	1.78			241.57	216.00	175.28	218.54	213.36	0.4	1.78				
Europe (153)	412.27	0.1	412.27	304.77	412.27	412.27	0.1	1.70		412.27	412.27	304.77	412.27	412.27	0.1	1.70				412.27	412.27	304.77	412.27	412.27	0.1	1.70			412.27	412.27	304.77	412.27	412.27	0.1	1.70				
Europe-Pacific (800)	205.14	0.4	140.42	113.33	142.28	114.26	0.2	1.25		205.14	140.42	113.33	142.28	114.26	0.2	1.25				205.14	140.42	113.33	142.28	114.26	0.2	1.25			205.14	140.42	113.33	142.28	114.26	0.2	1.25				
Europe-Pacific (801)	205.14	0.1	184.31	143.27	186.78	167.40	0.4	1.94		205.14	184.31	143.27	186.78	167.40	0.4	1.94				205.14	184.31	143.27	186.78	167.40	0.4	1.94			205.14	184.31	143.27	186.78	167.40	0.4	1.94				
North America (714)	241.57	0.5	216.00	175.28	218.54	213.36	0.4	1.78		241.57	216.00	175.28	218.54	213.36	0.4	1.78				241.57	216.00	175.28	218.54	213.36	0.4	1.78			241.57	216.00	175.28	218.54	213.36	0.4	1.78				
North America (715)	241.57	0.5	216.00	175.28	218.54	213.36	0.4	1.78		241.57	216.00	175.28	218.54	213.36	0.4	1.78				241.57	216.00	175.28	218.54	213.36	0.4	1.78			241.57	216.00	175.28	218.54	213.36	0.4	1.78				
Europe-UK (142)	241.57	0.5	216.00	175.28	218.54	213.36	0.4	1.78		241.57	216.00	175.28	218.54	213.36	0.4	1.78				241.57	216.00	175.28																	